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“TO WHAT EXTENT CAN THE ‘THE CSR
FRAMEWORK’ BE ADAPTED TO MEET THE NEEDS
OF BS 8900?”

A QUALITATIVE STUDY

KELLY WHALLEY

A dissertation submitted in partial fulfilment of the requirements of the University of Chester for
the degree of Master of Business Administration

CHESTER BUSINESS SCHOOL

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Abstract

The growing global interest in corporate responsibility (CR) and the pressure felt by organisations in all sectors to demonstrate commitment and progress in CR has led to demands for guidelines and standards that can help companies shape their response to CR in a measurable and consistent way.

In recent years a number of models and guidance documents have been produced; however companies are still struggling to understand how to approach CR and what mechanisms to use to integrate it into their organisation's systems.

The link between Quality Management Systems and CR has been noted by many authors and a respected model was developed by Castka *et al* (2004) which combined the systems used in the ISO 9001 accreditation with the requirements of a CR process. Their CSR Framework however does not link to any accredited standards and lacks practical steps for organisations to follow.

This study takes the underlying basis of The CSR Framework and combines it with the guidance and structure found in the British Standard for Sustainability, the BS 8900, to create a model for CR integration. Through qualitative case study research of four organisations, the benefits and development areas of this model are discussed in relation to the CR needs of the organisations concerned and the practicalities of using a model to shape the integration of CR.

Following the feedback from the research, it is discovered that such a model would only be appropriate for a UK-focused organisation at the beginning of its CR journey. With this in mind and having collated all the comments made during the interviews, the model is reviewed and improved. The new model is presented as framework to assist a UK organisation, with little experience of CR, plan and integrate this topic, specifically the BS 8900 standard, into its systems using processes recognised in Quality management.

I. Chapter 1: Introduction

1.1. Background to the Research

Governments and organisations from all sectors are increasingly involved in the importance of environmental and social issues. In response, Corporate Responsibility (CR) has moved from ad-hoc philanthropy and empty statements in Annual Reports to a strategic requirement felt by organisations in all market sectors.

Therefore, stakeholders are now driving a CR revolution in business; demanding transparent, ethical practises that are relevant to the organisation. Consequently organisations must find a method of managing and reporting on their CR activity. The issue lies in the fact that there is no specific, recognised and respected way to achieve this. There is a wealth of authors who discuss the void in CR management. Castka *et al* (2004), Castka and Balzarova (2007), Galbreath (2006), McAdam and Leonard (2003) and Jamali (2006) all lament the lack of a clear, comprehensive management system for CR.

While these authors discuss the issues surrounding the lack of applicable framework, few actually propose a practical solution.

There has also been much discussion (Hazlett *et al*, 2007, Pedersen & Neergaard, 2008, Castka & Balzarova, 2008, McAdam & Leonard, 2003) surrounding the “obvious parallels” (Hazlett *et al*, 2007) between the development of CR and the development of Quality management, both in their theoretical basis and their use as a management tool.

Castka *et al* (2004) presented their model, ‘The CSR Framework’ which is intended as a:

Conceptual framework for organisations to establish, manage, improve and document a CSR management system.(2004:200)

It is a process-based system compatible with ISO 9001:2000 Quality Management Systems (QMS). Its aim is to transform stakeholders' expectations into operations which align with the organisation's management systems. Although this model demonstrates the elements which must be part of the CR integration process, it does not offer any practical guidance for implementation.

In preparation for the publication of the ISO (International Organization for Standardization) guide for CR in 2010, the British Standards Institute has released its Sustainability Standard, BS 8900:2006, which is also compatible with ISO accredited Quality systems. However, there is no implementation model for BS 8900. Therefore for this research the Castka *et al* CSR Framework model is used as a basis for a model intended to facilitate the integration of BS 8900.

All the case study organisations have successful CR processes and Quality systems. The study shows whether the adapted model for BS 8900 integration could be used by companies to progress their CR processes and help them to achieve alignment to this recognised standard. This evidence informs Enterprise, a company that is currently in the process of embedding CR into the existing management systems, of a way forward.

1.2. Research Question

The research is based on the notion of adapting a theoretical CR integration model into a new model which guides companies in a practical way to implement a recognised CR framework.

The aims are:

- To understand the practical applicability of accredited Quality systems to CR integration.

- To understand current CR management systems used in chosen case study organisations, any link to their quality systems and their successes and drawbacks.
- To investigate the feasibility of using the Castka *et al* model as a basis for a practical implementation model for BS 8900.

This dissertation uses academic literature and case study evidence to examine the hypothesis that ‘The CSR Framework’ developed by Castka *et al* (2004), which uses accredited Quality Management processes, can be adapted for a specific CR Management Standard, BS8900.

Organisations are chosen because of their comprehensive, long-term approach to CR and the presence of a Quality Management System. They are approached to provide information on the structure of their CR management, any links into or parallels to the Quality system, any current CR framework that they may follow and their opinions on the adapted model.

The research question is:

“To what extent can the ‘The CSR Framework’ be adapted to meet the needs of BS 8900?”

1.3. Justification for the Research

There are a number of current standards that provide a framework around which organisations can base their CR strategy. The most well known include AA1000, produced by the Institute of Social and Ethical Accountability, the SA8000 model, produced by Social Accountability International, the DR03028 created by the Standards Australia Committee, the British Standard for Sustainability BS8900 and finally the ISO 26000, which is the guidance document currently in production by the International Organization for Standardization (ISO).

All these standards are important and valid in the positioning and progression of CR up the strategic agenda; however the majority of them expect organisations to manage CR separately and report against independent criteria. Practically speaking, this is not ideal as Bamber *et al* confirm (2000, cited in Castka *et al* (2004:219)),

A single system is easier to manage and control and organisations report better effectiveness, improved communication and resource management after the integration of their management systems.

Therefore, if an integrated system is the more effective way to manage CR, the question poses as to what system can support or include these new parameters. It would need to be widely accepted and used within companies across the broadest range of markets and also be flexible enough to accommodate the requirements of CR. The proposed similarities between CR and Quality, combined with the internationally recognised accreditation for Quality (ISO 9001:2000) appear to highlight this route a good starting point.

‘The CSR Framework’ proposed by Castka *et al* (2004) is based upon these fundamental elements and therefore should be recognisable to organisations which have a CR system and an ISO accredited Quality procedure. It should also mean that the BS 8900:2006 Sustainability Framework, which is compatible with the ISO 9000 series, can be developed into a model, using the Castka *et al* model as a foundation.

1.4. Methodology

This research is based on an ontological functionalist paradigm, which incorporates the elements of Objectivist and Regulatory stances, according to Burrell and Morgan (1979, cited in Saunders *et al*, 2007:112). This approach is the most appropriate to ensure that the results of the research are applicable as much as possible outside the bounds of this investigation.

Although CR could be researched as a subjectivist field, it is the objective integration of CR into existing management systems that is the central theme.

The regulatory aspect of the functionalist paradigm highlights the need for the research to work within current operational frameworks and is the most appropriate for this study. It is also worth noting that all case study organisations take an instrumental view of CR, meaning that it has to work alongside current operations, therefore a regulatory approach is the only feasible angle.

The research approach is explanatory and a combination of deductive and inductive. The deductive approach dominates, as the research is based upon a hypothesis that has been drawn from reoccurring themes noted in literature. The practical time scales for the research also lean towards a structured, planned approach.

1.5. Outline of MBA Dissertation

Following an introduction to the subject area and aims of the dissertation in Chapter 1, Chapter 2 critically evaluates the current thinking with regard to Corporate Responsibility and Quality Management Systems. Chapter 2 also introduces the conceptual model to be used for the dissertation and justifies its relevance to the research. Chapter 3 explains and justifies the choice of methodology, including the specific activities undertaken and its overall reliability, validity and limitations. The detailed analysis of the data is found in Chapter 4, where the patterns and results relevant to the hypothesis are presented. The penultimate Chapter 5 outlines the conclusions of the research and the implications of the results. The methodology is critically evaluated and the merit of the conclusions and their contribution to furthering the understanding of the research area are discussed. Finally Chapter 6 explicitly targets the recommendations and implementation plan for Enterprise following the conclusions reached.

1.6. Definitions

Corporate Responsibility (also CR, Corporate Social Responsibility and CSR):

Organisations taking responsibility for their actions and their impact on society and the environment that goes beyond their legal obligations. The International Organization for Standardization (ISO/WD26000,2006).

Quality Management: Accredited and respected management systems such as the ISO 9000 series, TQM or EFQM.

QMS: Quality Management System

KPIs: Key Performance Indicators

TQM: Total Quality Management

EFQM: European Foundation for Quality Management

PDCA: Plan, Do, Check, Act

ISO: International Organization for Standardization

BSI: British Standards Organisation

1.7. Summary

This chapter outlines the topic of the research and its specific aims. It contextualises the subject and demonstrates its relevance to contemporary business. The methodology is briefly explained and justified and the outline of the dissertation is given. The following chapters build and expand on this introduction.

2. Chapter 2: Literature Review

2.1. *The Development of Corporate Responsibility*

Governments, businesses and non-government organisations have recently been witness to an increasing debate around the importance of environmental and social issues. In addition to this, cases such as the scandal at Enron have thrust corporate governance and ethical business practise into the spotlight. In response, Corporate Responsibility (CR) has moved from ad-hoc philanthropy and empty statements in Annual Reports to a strategic requirement felt by organisations in all market sectors. The International Organization for Standardization defines CR as:

organisations taking responsibility for their actions, their impact on society and the environment that goes beyond their legal obligations (ISO/WD26000,2006).

The issue of a company's corporate responsibility beyond profit-making began to build in the 1960s, when CR was synonymous with voluntary and philanthropic acts (Meehan *et al* 2006:386). In the 1970's early studies of how an organisation could define CR were becoming popular (Silberhorn, 2007:353). The 1980's saw a shift away from pure philanthropy when legal responsibilities and welfare issues began to take precedent and the paradigm of sustainable development was invented to manage the growing environmental pressures (Suliman, 2006:809). During the following decade the need for sustainable environmental management gathered force and the ethical side of corporate activities took centre stage;

Given the sometimes adverse effects of business decision making on society as well as corporate reliance on society, the notion of an implied corporate contract was conceived by social and economic theorists. (Shahin and Zairi, 2007:755)

The new century saw additional demands be placed on organisations, both public and private sector to consider a more holistic view of business, including the economic, environmental, social and public welfare aspects. These requirements were not empty threats, as Galbreath highlights:

Ignoring CSR can have dire consequences. For example, the total social costs that must be born by US businesses due to socially irresponsible behaviour is estimated at two and a half trillion dollars per year (in 1996). (Galbreath, 2006:175)

Thus CR is accepted as a board-room issue to be considered alongside corporate strategy. The need for transparent, accountable corporate governance was leading the debate following a number of high profile corporations accused of fraud, money laundering and deception.

Stakeholders were now demanding ethical, responsible business practises as the norm; however the ways in which organisations chose to respond to these demands varied considerably. A company's motivation and dedication to CR became the new focal point. A 2001 survey in 'Business Europe' found that 90% of major USA corporations make CSR commitments, but only 35% of them are able to prove that they follow their principles (Pedersen and Neergaard, 2008:4).

So to present day, where companies find themselves asking, not whether to follow a CR agenda, but how (Smith 2003, cited Pedersen and Neergaard, 2008:4). Contemporary literature tends to divide this question into two debates: the first is how to define CR in a consistent way that is meaningful and secondly how a business can integrate CR (however it is defined) into strategic operations so that it can be planned, managed and reported on. This research is routed in the second camp, the strategic integration of CR.

2.2. The Need for a Management Framework

The need for guidance and standardisation on CR integration does not appear to be in dispute. Numerous authors agree on the importance of a recognised approach when introducing new elements into a business (Castka *et al* (2004), Hazlett *et al* (2007), Castka and Balzarova (2007), Shahin and Zairi (2007), Cramer, (2005), Kristov and Allenby (2004)). As Pedersen and Neergard note,

If it is not possible to establish linkages between CSR and these mainstream management tools and framework, social and environmental responsibility is

likely to remain at the level of empty mission statements and isolated add-on activities.(2008:5)

However, as Castka *et al* (2004) state,

The analysis of CSR is still in an embryonic stage and critical issues regarding frameworks, measurement and empirical methods have not yet been resolved.

Businesses find themselves in limbo as they attempt to move CR from a ‘peripheral issue’ (McAdam, Leonard, 2003) to a key strategic driver.

There is a wealth of authors who discuss the void in CR management. Castka *et al* (2004), Castka and Balzarova (2007), Galbreath (2006), McAdam and Leonard (2003) and Jamali (2006) all lament the lack of a clear, comprehensive management system for CR. Neilsen and Thomsen (2007) note that that lack of any established system leaves companies unprepared. Hazlett *et al* (2007: 669) also comment that:

Whilst the rhetoric encourages organisations to aspire to be more socially responsible, there is not a sufficiently explicit or detailed description of what it is they should be aiming for.

While these authors discuss the issues surrounding a lack of applicable framework, few actually propose a practical solution.

There have been various international standards and guidelines developed over the years to help manage and integrate CR (Cramer, 2005:71). The most well known include AA1000, produced by the Institute of Social and Ethical Accountability. This standard focuses on stakeholder involvement. The SA 8000 model, produced by Social Accountability International specifically covers working conditions and human rights. DR03028 is a draft, generic CR standard created by the Standards Australia Committee, BS 8900, the British Standard for Sustainability from the British Standards Institute and finally the ISO 26000, which is the guidance document currently in production by the International Organization for Standardization (ISO). All these standards are important and valid in the positioning and progression of CR up the strategic agenda; however issues do exist.

There is much research (Suliman, 2006, Pedersen and Neergaard, 2008) that discusses the prevalence, uptake and usefulness (or not) of these guidelines, yet few consider the deeper reasons why they may produce success or failure. On a surface level, the fact that a number of the standards tend to focus on one area of CR means that they can not be considered 'complete' frameworks (Karapetrovic, 2003). In addition, the majority of the guidelines expect organisations to manage CR separately and report against independent criteria. For organisations that take an instrumental approach to CR, this extra 'effort' is not ideal. The instrumental approach is one in which CR is adopted in order to improve financial performance, therefore disruption and inconvenience needs to be minimal. Those that take the normative approach to CR management, which assumes that an organisation has a moral commitment to advance stakeholder interests, would be inherently more open to the adoption of new management strategies or the adaptation of existing ones.

On a deeper level, the fact that the majority of the CR-related standards are performance orientated and not process orientated has also been cited as potential problem area (Castka *et al*, 2004, Karapetrovic, 2003 and Cramer, 2005). Castka *et al* (2004) appear to lead in the investigation as to what makes a successful, integrated system and how that can be applied to CR. Their 'CSR Framework' (2004:221) appears to be one of the only models to demonstrate the management processes needed to integrate CR into existing systems which are ISO 9001 accredited (see Figure 2-1).

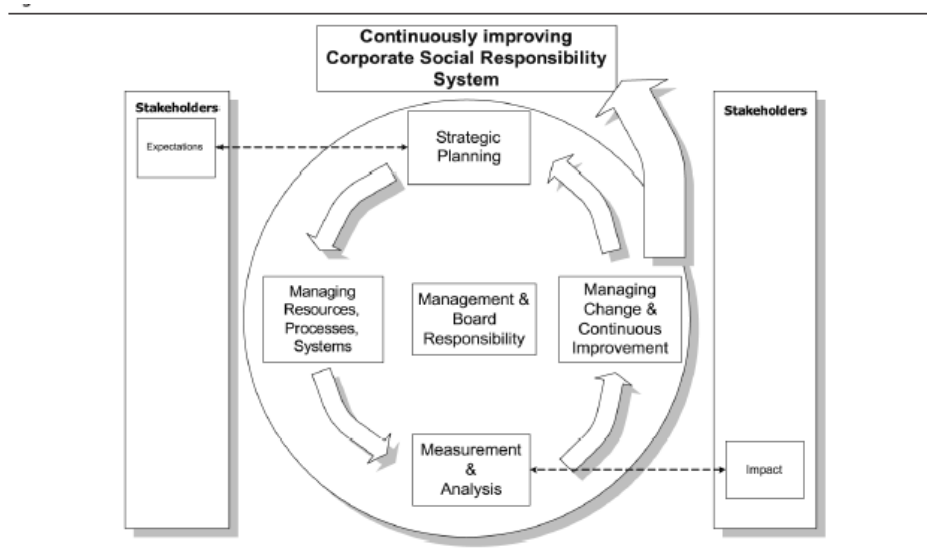


Figure 2-1 The CSR Framework

They are supported by Karapetrovic (2003) and Cramer (2005), who all highlight the necessity for any approach to be process-based. They argue that processes are the bedrock of the majority of popular management systems and adopting this type of framework will enable an easier integration and,

Will provide management with an internal control, will clearly identify responsibility and will embed CSR in their organisation. (Castka et al 2004:222)

The ISO 26000 standard appears to lead the field terms of reputation thanks to the success of its predecessors, the ISO 9000 family, which has earned a global reputation in establishing Quality Management Systems (QMS) (Gotzamani, 2005:645). Therefore it would be the obvious choice for an organisation seeking guidance in CR. The other major advantage of the ISO model is that it integrates into existing management systems, as it follows a process-based approach. Organisations that have already created systems to manage the demands of ISO 14001 and ISO 9001 are especially well placed to integrate ISO 26000. The drawback is that the ISO standard is still under review and is not expected to be released officially until at least 2010¹. It is also an internationally based standard, which means that a proportion of it deals with issues of ethical behaviour

¹ www.iso.org/sr Accessed 23/08/08

that may be more of a concern in less developed countries, such as corruption and child labour, which are areas already under heavy legislation in the UK.

A recent standard of interest is the British Standard for Sustainability BS 8900. Developed in 2006, this framework was introduced by the British Standards Institute (BSI) in response to demands from UK organisations for guidance on the effective integration of sustainability into daily business practise (BS 8900:2006). BS 8900 outlines ways to assess the CR requirements of a UK organisation and offers suggestions as to integration methods and performance measurement techniques.

There is little written about BS 8900, which could be explained by its relative new arrival as a CR standard and its focus on the UK market; however its provenance from a respected standards institute, the BSI, awards it similar, if not as widespread, respect to the ISO standard.

The BSI, like the ISO, has a history of creating frameworks that allow an organisation to tailor its management systems to produce results aligned with the accepted good practise of the time. The standards also interact and compliment each other. BS 8900 is therefore also intended to be used within existing systems, such as those created for other ISO or BS standards (BS8900:2006).

Nevertheless, there are drawbacks to BS 8900. The most important is that the framework encourages organisations to agree their own set of principles to direct and monitor their CR activity, which are consistent with the values of their company. Therefore it is the company itself that is defining what is sustainable and the degrees of improvement; meaning that comparisons between organisations are almost impossible. There is also no 'model' of how to implement BS 8900, although steps are mentioned within the documents.

The intense debate surrounding the best integration method for CR sparks a second debate around the factors that are key for a successful management system.

Contemporary literature discusses many different requirements for a management system that would monitor CR. A survey of 17 sources (Hazlett *et al*, 2007, Pedersen & Neergaard, 2008, Castka & Balzarova, 2008, McAdam & Leonard, 2003, Gotzamani, 2005, Castka *et al*, 2004, Karapetrovic, 2003, Cramer, 2005, Suliman, 2006, Shahin, 2007, Ghobadian *et al*, 2007, Fuentes *et al*, 2000, Taylor, 1995, Yahya and Goh, 2001, Galbreath, 2006, Balzarova *et al*, 2005, Slack *et al*, 2007) showed 15 different requirements. The top five were to manage: Data capture and measurement, resources management, review and evaluation, reporting and continuous improvement (see Table 2-1).

Requirement	Frequency
• Data capture/measurement	• 9
• Resources management	• 7
• Review/Evaluation	• 7
• Reporting	• 5
• Continuous Improvement	• 4
• Process management	• 3
• Planning	• 2
• Identify stakeholders expectations	• 2
• Systems management	• 2
• Management/Leadership	• 2
• Policy control	• 2
• Training identified	• 1
• Measure impacts	• 1
• Quality management	• 1
• Change management	• 1

Table 2-1 – Requirements of a Management System from cited sources

The Deming Cycle or PDCA (Plan, Do, Check, Act) model for continuous improvement can be seen in these top requirements: P: Resources, D: Data capture and measurement, C: Review and evaluation and reporting, A: Continuous improvement. This well known cycle is also reflected in Suliman's model of a Sustainability Measurement Cycle (2006)

and Castka *et al*'s CSR Framework (2004) and the new ISO 9001:2000 series for Quality. The links between Quality and CR do not stop at similarities in models.

2.3. *Impact of Quality*

A number of authors (Hazlett *et al*, 2007, Pedersen & Neergaard, 2008, Castka & Balzarova, 2008, McAdam & Leonard, 2003) have discussed the “obvious parallels” (Hazlett *et al*, 2007) between the development of CR and the development of Quality management, both in their theoretical basis and their use as a management tool.

McAdam and Leonard (2003:36) argue that,

Total Quality Management (TQM) is founded on ethics, which leads to business improvement theory and practise....CSR has a strong affinity with the principles of Quality Management.

Deming (1986), the founder of modern Quality management (McAdam & Leonard, 2003:37) advocated ethical conduct between managers, employees and customers with his ‘Driving out Fear’, within the ‘14 Points’. The Malcolm Baldrige National Quality Award incorporates CR under its leadership criteria of Public Responsibility and Citizenship (McAdam & Leonard, 2003:38).

The opinion that Quality in business is an ethical responsibility opens the possibility that managing ethical practise across a wider scope of activities can be undertaken using Quality management techniques as a basis.

The famous Total Quality Management (TQM) approach offers a clear starting point. The notion of TQM was introduced by Feigenbaum in 1957 (Slack *et al*, 2007:651). The subsequent work by Deming in the 1950's and 60's, Juran and other Quality ‘gurus’ took the idea of a Quality focused approach and applied it to every stage of product creation.

*One of the most powerful aspects to emerge from TQM is the concept of the internal customer and internal supplier. (Slack *et al*, 2007:654)*

The focus on multiple customers is an important concept and one which is consistent with CR. The lack of measurement and evaluation processes in this approach, which used to typify the Quality field, is also an issue facing CR practitioners currently.

It is the operational interaction of CR that is so often compared to TQM. As Ghobadian (2007:704) comments,

CSR, like TQM, impinges on all facets of the business.

Not only does it affect every area of the business, but like TQM, it tries to balance the profit-seeking motives with sustainable performance that is value based and respects the needs of a range of stakeholder groups (Ghobadian, 2007:704). Within the work done by Ghobadian (2007) to identify the key values, elements and outcomes of TQM, the close ties to CR can be seen (see Table 2.2).

Values	Elements	Outcomes
<ul style="list-style-type: none"> • Convergence of interests • Emphasis on individual, collective and system honesty and integrity • People are considered to be the key internal guarantors of success • Management is responsible • The organisation is seen as a chain of linked processes • Continuous improvement is pursued • Emphasis on prevention rather than detection • Interaction between employees, customers and suppliers is encouraged • Fear is driven out • Mistakes are treated as a learning opportunity 	<ul style="list-style-type: none"> • Promotion of TQM values and principles • Open and participative management style • Focus on meeting customer, employees, society and owners needs • Delegation of authority • Harness the creative capability of employees • Openness in sharing and communicating information • Two way communication • Teamwork • Human resource development • Continuous improvement • Focus on process not task • Development of stakeholder partnerships 	<ul style="list-style-type: none"> • Improved financial performance • Enhanced customer perception • Improved operational performance • Narrowing the gap between individual and organisational goals • Enhanced employee confidence • Enhanced self-worth • Feeling more valued as an employee • Enhanced focus on meeting stakeholder needs • Greater involvement in the affairs of the organisation • Embedding on continuous improvement and learning

<ul style="list-style-type: none"> • Supplier relationship is based on interaction and collaboration • Mutual respect • Decisions are based on fact and consensus • Openness is encouraged and pursued 	<ul style="list-style-type: none"> • Eradicate sources of error • Empowerment of employees 	<ul style="list-style-type: none"> • Greater commitment • Greater confidence to identify and address problems • Facilitating and transformational HR style.
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Table 2-2. Summary of Ghobadian's work on TQM (highlighting shows direct links to CR, author's addition).

Even though the movements of Quality and CR were developing during approximately the same time scales, management models for Quality self-assessment and awards for Quality were first to appear. In line with TQM, the EFQM Excellence Model created by the European Foundation for Quality Management was introduced in 1999, inspired by the European Quality Awards, which began in 1988. 1994 saw the establishment of the recognised, international standard, the ISO 9000 series. The challenge was to get Quality beyond an 'operational' issue and onto the strategic agenda, influencing the priorities of the whole organisation (Slack *et al* 2007:664). CR has now reached the same stage.

The aim for CR is to build on existing Quality management-based initiatives, from philosophical and practical perspectives, and reach a strategic level without impairing business performance. Kok *et al* (cited in McAdam and Leonard, 2003) believe that

Using TQM conduits of organizational change to develop CSR in organizations will not compromise the underlying principles of CSR or TQM.

Karapetrovic (2003) also supports this view. He believes that in general an integrated management system (IMS), based on a similar format as the ISO 9001 series, can provide a minimalist, but still solid foundation for building performance excellence that includes Quality, the environment, safety and social accountability (2003:6).

A principle issue therefore appears to be the adaptation of the existing frameworks and models. Pedersen and Neergaard (2008), Meehan *et al* (2006), McAdam and Leonard

(2003) and Castka *et al* (2004) all consider that the EFQM Quality Excellence Model offers a relevant and proven management system that can be broadened to include CR activities. It is already an,

..explicit attempt to map and evaluate the importance of the company's shareholders. (Pedersen & Neergaard, 2008:5).

The EFQM model focuses initially on the internal systems of People, Policy and Resources and the Leadership that guides them and then moves to the processes that lead to results that affect the external groups of People, Customers and Society (model cited in Slack *et al*, 2007:669). The work of Kok *et al* (2001, cited in McAdam and Leonard 2003) explores the development of EQFM to include the principles of social responsibility within the Leadership and People criteria and consider the voice of multiple stakeholders at the process stage. Their work also focused on developing an acceptable audit system for CR within this framework. There is, however, no evidence of success or failure of this approach. Woods (1991, cited in Meehan *et al* 2006:387) adapted the business excellence model to incorporate CR aspects; yet this failed to address the needs of practising managers charged with implementing a CR programme and measuring the impact because it was too theoretical and

(Offered) little guidance on how to actually develop appropriate strategies and instruments for realising its stated aims. (Meehan et al 2006:387)

Although this work is advancing the social element of CR, there is no mention of the environmental responsibilities that are such a key factor in a company's corporate responsibility and a practical, operational approach appears still to be lacking.

Having already established that TQM and CR share many of the same philosophies, the ISO 9001 standard, which introduces TQM on a practical, routine level, is the other clear choice for investigation regarding its applicability to CR. Castka and Balzarova (2008:297) argue that,

ISO 9000 provides a structural and infrastructural platform for organisations to develop and adopt corporate social responsibility.

However; in a study undertaken by Taylor (1995), only 7% of the organisations interviewed saw ISO 9001 implementation as part of a TQM plan. Their main motivations were customer pressure, improved efficiency, higher quality product and image (Taylor, 1995:12). Over 10 years later and the growing influence of CR on those motivations will challenge whether the CR undertones of Quality were integral enough to the implementation of ISO 9001 so that even those who did not seek a TQM result (with the strong CR focus) can now use the basis of that system to implement an integrated CR management system.

The similarities between Quality and CR in terms of their histories and their route to the Boardroom mean that potentially there are lessons to be learnt from successful Quality implementation plans that can be applied to CR. Fuentes *et al* (2000:229) and Yahya and Goh (2001:942) agree that the main barriers to implementation are: Lack of senior management support, lack of communication, employee resistance due to fear of change or lack of involvement and low understanding of the ISO standard and its benefits. Taylor (1995:11) states that senior management must commit fully to the principles of ISO by understanding its purpose correctly, having sound, business-driven motivation, actively involving themselves in the process and considering the framework as part of a strategic plan. Maintaining an ISO system requires internal Quality audits, management responsibility, document and data control and preventative and corrective action (Yahya and Goh, 2001:942). The success of the system relies on the extent to which these guidelines are followed.

Castka and Balzarova (2008) have studied the links between ISO 9000 and the proposed ISO 26000, the international standard for social responsibility. The research highlights the similarities and differences between the two standards. The most significant differences include the lack of certification for ISO 26000; it is intended as a guidance document, not a set of system requirements, it guides the organisation through CR decision making and it has a much broader approach to the topic of CR, rather than the highly focused view of ISO 9000. Similarities include their involvement of the supply

chain (although ISO 26000 goes further), the importance of principles and their holistic view of the organisation. There is scope for the development of recommendations for implementation and advice on potential hurdles, which are currently very limited. Though this would currently be speculation as the ISO 26000 is not yet in use, but could still be valuable.

While it can be argued that Quality management does embody some principles of ethical business, the fact that the ISO has decided to create a new management framework rather than release a new 2008 version of its ISO 9001 Quality Accreditation that includes CR, cannot be ignored. Therefore, it is perhaps more the fact that the Quality Management Systems (QMS) approved by ISO and BSI are an accepted and proven operational way to achieve strategic goals that makes them attractive to CR professionals seeking guidance, rather than any direct link to CR.

The ISO 26000 (ISO/WD 26000) and BS 8900 (BS 8900:2006) both emphasise that their frameworks can be integrated into existing Quality-driven management systems, such as those accredited with the ISO 9000. However, integration may not be the most constructive path to take if it is considered that there has been little attention paid to providing a methodology to integrate the various ISO accreditations for Quality, environment and health and safety (Karapetrovic, 2003).

Pedersen and Neergaard (2008) and Meehan *et al* (2006) discuss that there are limitations of using these existing frameworks, which may be founded on the company's own approach to CR. A Quality system approach to integration appears to be better suited to organisations that take the instrumental view of the management of stakeholder interests.

The wider issues surrounding the integration of management systems are highlighted by few in the same depth as can be seen in Karapetrovic (2003). He brings to the fore the different approaches of the ISO systems, 9001 being process based and 14001 being an accountability-related standard (Karapetrovic, 2003) that is based on the famous Plan-

Do-Check-Act cycle. These management systems have different aims and therefore the strategic goals of CR need to be considered carefully before an approach is decided upon.

2.4. Previous CR Research and Models

There are a number of academics who have carried out case study based research relating to the impact of Quality on the integration of CR systems. The approaches appear to be split into three options, either; a current model/system, such as TQM, has been adapted and tested; a new model has been created or case study organisations have been studied to understand the variation in CR systems.

McAdam and Leonard (2003), Kok *et al* (2001, cited in McAdam and Leonard, 2003) and Pedersen and Neergaard (2008) undertook research that falls into the first category. The TQM/BEM (Total Quality Management/ Business Excellent Model) model was the focus of attention for both studies.

McAdam and Leonard (2003) consider the relationship between CR and Quality within a case study organisation that has applied TQM to all areas and has won awards for CR and Quality processes. An adapted BEM self assessment process, which included TQM and CR criteria was undertaken. The organisation was found to have extensive and sustainable CR activities, principally because the approach had been to identify the CR elements within key business process, rather than introduce new CR criteria to existing systems (McAdam and Leonard, 2003:41). The combined CR and TQM approach was proven to be successful in this case.

However it is the scope of the CR activities which can be called into question. The authors state:

The full scope of the definition of CSR is maintained. (McAdam and Leonard, 2003:37).

No precise mention is given to a specific definition, although the work of Moir (2001) is heavily quoted. Moir (2001) concentrated on the ethical considerations of CR within a

business context (McAdam and Leonard, 2003:36). The theme of incorporating ethical, socially motivated behaviour into TQM appears to be the main focus of the research. Although there is currently much debate around the definition of CR, the definition given earlier by ISO states clearly the need for the environment to be considered. McAdam and Leonard mention the environment (2003:38); however it is assumed that the ISO 14001 accreditation covers these needs. An organisation which does not have ISO 14001 would therefore find their adapted TQM model lacking any environmental measures.

In contrast, the case study organisation researched by Pedersen and Neergaard (2008) successfully embeds both environmental and social concerns into its BEM. The process approach and evaluation methods of a BEM were considered to be especially important elements when integrating and reporting on CR.

They also state that the company has an instrumental approach to CR and;

The Excellence model tends to promote an instrumental view of CSR. Pedersen and Neergaard (2008:7)

The instrumental view of CR, however, places some restrictions on its potential. This could be seen in some areas of the organisation that had limited their CR integration in favour of economic results. Duska (2000, cited in Pedersen and Neergaard, 2008:11) comments;

Not all CSR issues can be expected to generate win-win solutions which imply that even important social and environmental impacts on society may be subdued by concerns for the bottom-line.

Therefore the comments by Karapetrovic (2003), cited earlier regarding the importance of considering a type of approach before looking towards integration, is demonstrated in this case study organisation and could merit further investigation.

The principle limitation of both these pieces of research is their narrow reach and extent to which the adaptations of the models would be relevant to other organisations.

Meehan *et al* (2006) devised a new model called the 3C-SR model. This model is intended to counter the ‘deficiencies’ of previous approaches to CR which,

Fail to provide the kind of practical tools that managers need to embed a CR orientation into their organisations. (Meehan *et al*, 2006: 397)

Still this model appears to offer no direction on management systems or integration tools but states the topics around which a company should define its CR commitments. The research also lacks any empirical evidence that this approach can lead to a successful integration.

Hazlett *et al* (2007) and Castka *et al* (2004) have undertaken research studies to explore the connections between Quality and CR. The former used an inductive approach and the latter a deductive approach. Despite the differences in approach, both sets of research agree that CR can be advanced if based upon and incorporated into a QMS. Castka *et al* (2004) go further and create The CSR Framework (cited above, see Figure 2-1) that is process based and in line with ISO 9001:2000, following the ethnographical research of nine, longitudinal case studies. As with the BS 8900 framework, the model proposed by Castka *et al* (2004) allows a company to set its own parameters and measurement tools and does not attempt to classify CR. They state that the method of using a process-based approach will enable the organisation to demonstrate legislative compliance, when it becomes necessary Castka *et al* (2004:222). The research was undertaken in organisations of differing sizes and from a range of sectors to help with validating and generalising the subsequent model.

2.5. Scope for Development

With such strong evidence linking QMS with CR, it appears that a process based approach to CR integration is the most appropriate for an organisation with an instrumental view of CR and a certified QMS. Therefore the Castka *et al* (2004) model is most appropriate as a starting point; however it does not offer a practical implementation process. There is scope to extract the practical elements of the BS 8900 management framework and adapt the Castka *et al* CSR Framework to create an implementation

model for those companies wanting to integrate BS 8900-led CR practises into their organisations.

2.6. Conceptual Model

The conceptual model for BS 8900 (Figure 2-2 BS 8900 Conceptual model) aims to use the recognised, ISO 9001 process-based approach of The CSR Framework by Castka *et al*, include the practical advice offered in the BS 8900 guidance and reflect the ‘best practice’ gleaned from the literature. In so doing, many of the criticisms of previous models noted in the literature review above are also addressed.

The importance of adopting a process approach is related to the link to the ISO 9000 systems, which are built on processes, as is highlighted by Karapetrovic (2003). Quality gurus such as Deming also advocated a system based on processes through his PDCA model. The PDCA cycle, which can be seen in The CSR Framework, is also maintained in the conceptual model. It follows the same cycle of planning, resource management and systems development, measurement and analysis and finally continuous improvement that is overseen by the Board and involves the stakeholders.

The involvement of multiple groups of stakeholders is an aspect at the heart of TQM (Ghobadian, 2007) and EFQM (Pedersen & Neergaard, 2008) and is an important principle of the ISO 9000 series. It is also an embedded philosophy within CR (Kristov and Allenby, 2004), thus its inclusion in the conceptual model was critical. Castka *et al* (2004:220) mention the importance of identifying stakeholders and recognising their differing levels of influence and importance, therefore the conceptual model splits the stakeholder groups into three: management, internal and external, to demonstrate that their level of participation and requirements vary and also that every group is not necessarily involved at each stage. They encircle the whole process to show their overarching importance to CR management.

The conceptual model also incorporates the practical elements of following the BS 8900 guidelines. The first two stages are for companies when they start the process for the first time. The CSR Framework lacks practical steps of how to link the *Management and Board Responsibility* and the *Strategic Planning* and also how to undertake *Strategic Planning*. Therefore the conceptual model uses the advice given in the BS 8900 and creates the two initial phases of *Identify sustainability issues, operational and strategic* and *Develop sustainability matrix* and additionally shows how and when to involve the relevant stakeholders. The Sustainability Matrix is a key element for companies to benchmark their practises and drive continuous improvement against agreed targets.

The following stages then form a continuing cycle of change and improvement. They are influenced heavily by The CSR Framework; however there are additional steps that link into the practical elements of the BS 8900. For example; the conceptual model splits the stage in the Castka *et al* model of *Managing resources, processes, systems* into two: *Resource allocation. Learning & development needs* and *Build sustainable development into management systems*. This is in order to be more explicit and to separate the ‘human’ needs from the ‘system’ needs.

There is also a lack of review mentioned in the Castka *et al* model, (although it may be implied within *Managing change and continuous improvement*), which is addressed in the conceptual model.

The specific action of setting the new KPIs (Key Performance Indicators) with input from the relevant stakeholders is mentioned within the BS 8900 and therefore is included as an additional stage in the conceptual model, leading to continuous improvement. It can be argued that Continuous Improvement, seen as a process in the Castka *et al* framework, is the result of a process, not a process in itself; therefore this box on the conceptual model is not the same shape as the boxes of the other stages, which demonstrate practical and strategic actions.

Finally, the stages in the conceptual model include the top five activities required for a management system, as shown in Table 2.1 (Table 2-1 – Requirements of a Management System from cited sources) of data capture/measurement, resources management, review/evaluation, reporting and providing a method of continuous improvement.

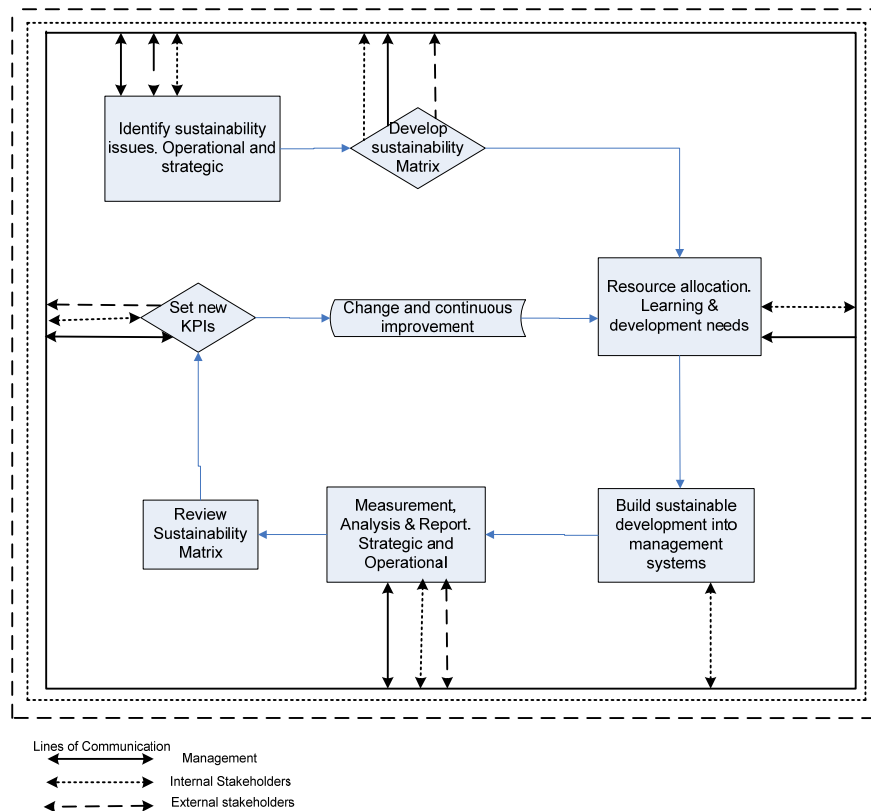


Figure 2-2 BS 8900 Conceptual model

3. Chapter 3: Methodology

3.1. Introduction

Choosing the most applicable paradigm for research is a critical element of establishing a focused and relevant study. Research methods can often be used interchangeably; however the way they are used is driven by the fundamental principles that guide the investigation.

Certain assumptions regarding the way in which this research aligns with commonly held views or beliefs underpin the research strategy. Practical considerations are also important.

The following section outlines the research paradigm chosen and the reasoning behind the choice, the considerations and limitations, the research design, the data collection design and method and the ethical factors addressed.

3.2. Methodological Considerations

3.2.1. Justification for the Selected Paradigm and Methodology

This research is based on a Functionalist paradigm, which incorporates the elements of Objectivist and Regulatory stances, according to Burrell and Morgan (1979, cited in Saunders et al, 2007:112. See Figure 3-1).

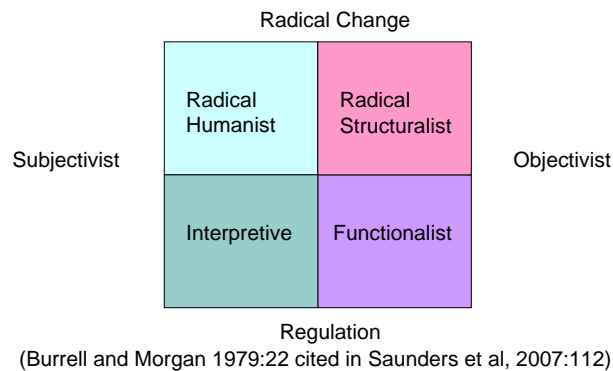


Figure 3-1 Four paradigms for the analysis of social theory. Burrell and Morgan 1979

Figure 3-2 shows the how the important considerations of the study combine ontological and epistemological elements to lead to the Functionalist Paradigm.

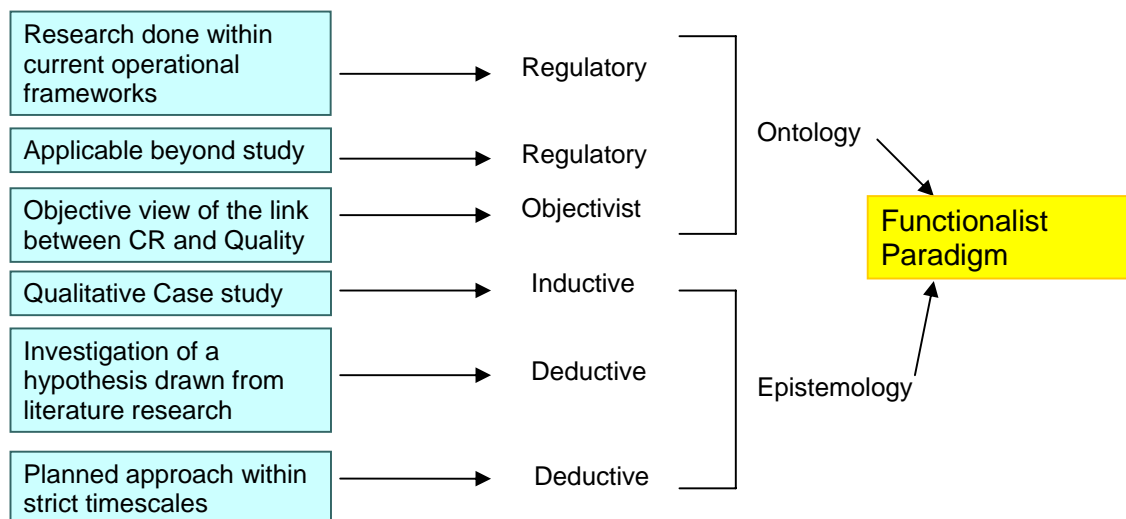


Figure 3-2 Combination of research methods required

The ontological position of objectivism is suited to this project as the approach is a very practical one, as Saunders *et al* explain,

You will probably be more concerned with a rational explanation of why a particular organisational problem is occurring and developing a set of recommendations. (2007:113)

There is an assumption that organisations are rational entities and therefore a rational, practical approach is the most suited to offer appropriate solutions. There is little subjectivity or judgement required, although within qualitative research a certain amount of empathy is often useful. Although CR could be researched as a subjectivist field, it is the objective integration of CR into existing management systems that is the central theme of this study.

The regulatory aspect of the Functionalist paradigm highlights the need for the research to work within current operational frameworks. It is also worth noting that all case study organisations appear to take a predominately instrumental view of CR, meaning that it has to work alongside current operations, therefore a regulatory approach is the only feasible angle. The research approach is explanatory and a combination of deductive and inductive. The deductive approach dominates, as the research is based upon a hypothesis that has been drawn from reoccurring themes noted in literature. The practical time scales for the research also lean towards a structured, planned approach.

Case studies are the most appropriate research method for an empirical investigation of a specific phenomenon seen within its real life context and using multiple sources of evidence (Robson 2002, cited in Saunders et al 2007:130). The embedded, multiple case study method is chosen due to the fact that,

The evidence from multiple cases is often considered more compelling and the overall study is therefore regarded as being more robust. (Yin, 2003:46)

The ability to replicate the research is also facilitated. Yin (2003:32) states that in the case of multiple case studies the mode of generalisation is ‘analytic generalisation’. This is where a previously developed theory is used as a template with which to compare the empirical results of the study. In this case, the theory is ‘The CSR Framework’ developed by Castka *et al* (2004). An embedded approach was taken to allow the CR process in each organisation to be examined separately around a framework of questions. By using a ‘triangulation’ method (Fielding & Fielding, 1986 cited in Maxwell, 2005:93), the variety of sources questioned reduces the risk that any conclusion is biased and the

use of varied sources of information, such as published reports, policies and websites increased the breadth of the knowledge gained.

The approach taken by Castka *et al* (2004) whilst developing their CSR Framework is an influencing factor due to the fact that this research was exploring similar ideas. They used a multiple case study approach with a replication strategy, advocated by Yin (1989, cited in Castka *et al*, 2004:220) and focused on the organisations' 'business frameworks' that governed CR. They also stated the need for organisations to have the ISO 9001:2000 Quality accreditation. The approach was concentrating on an emerging theory, which is not appropriate for this research; however the overall methodology is valid.

In terms of research approach, the inductive and deductive needs of the research (demonstrated in Figure 2) pointed to semi-structured interviews in a number of different case study organisations.

3.2.2. Rejected Methods

CR is:

A multi-level concept, whose meaning depends on various perspectives and relationships, and...changes in response to social trends. (Silberhorn & Warren, 2007:353)

This means that a true comparative study, which commonly uses a realist approach, (Fisher, 2007:276) would have required CR to be measured and defined and therefore would not have been possible.

The regulatory restrictions of the research mean that a Radical Change angle, which aims to make fundamental changes to the normal order of things (Saunders *et al*, 2007:112), would not have been appropriate.

The qualitative, detailed nature of the information required demanded a flexible, open approach which could not have been achieved so effectively by using quantitative, mass questionnaires. The subject also does not lend itself to statistical analysis.

The limited time scales and resources available for the study excluded the possibility of observational research and a fully inductive approach.

3.3. *Research Design*

A structured approach is taken for the research design. As Maxwell highlights, this approach can help with comparability of data across individuals, times and settings (Maxwell, 2005:81). Once the decision is made to undertake semi-structured interviews with a number of individuals responsible for CR, the next steps are to select the case study organisations and then negotiate access. Following those actions, a case study protocol is written and the interview questions are designed.

3.3.1. Selecting the Case Study Organisations

The *Homogeneous sampling* approach, as described by Patton (2002, cited in Saunders *et al*, 2007: 232) was used for selecting the sample organisations. The homogenous group chosen was utility and utility support organisations. The reason behind this was due to their relevance to Enterprise, their public demonstration of CR practices and the likelihood that Quality systems would be in place due to their size and public accountability. The negative aspect of homogenous sampling is that the relevance of findings outside the target group is limited.

As Gillham (2008:25) states, for any piece of research the researcher needs to '*find a point of entry*' into the group. He continues by suggesting that 'specialised informants' are a useful way into a group. These are people who have a relationship with both the researcher and the target group.

For this research the target group is CR managers or directors within companies in similar industries to Enterprise. The specialised informants in this case are the Divisional Managers/Directors within Enterprise who are responsible for the relationships with potential target customers.

Organisations are chosen on account of their published CR policies and practises, their relevance to Enterprise and their willingness to take part.

3.3.2. Negotiating Access

Due to the existing relationships between the target organisations and Enterprise, the first step is to gain approval from the 'specialised informants' to approach their customers and then get an initial contact name within the organisations.

Five organisations are approved. Before approaching the contacts given by the specialised informants and understanding that they may not be the most appropriate person for the interview, a terms of reference document is created, as suggested by Fisher (2007:63). This explains the purpose of the research, the specific aims of the interview, the models relevant to the research, the format of the interview and the assurance of anonymity and confidentiality (See Appendix 1.1 p.89**Error! Bookmark not defined.**)

The approach is made by telephone call, in order to begin to build a rapport with the organisation and so that any initial questions could be answered. The terms of reference information is included in a letter and emailed to each participant.

Once the correct person responsible for CR is established and contacted in the same way, interviews are set up.

The researcher has no previous relationship or contact with any of the individuals, which helps to minimise bias.

3.3.3. Write a Case Study Protocol

Yin (2003:69) emphasises the importance of writing a case study protocol;

First it keeps you targeted on the subject of the case study. Second, preparing the protocol forces you to anticipate several problems, including the way that the case study reports are to be completed.

The protocol format suggested by Yin (2003:68) is followed, ie:

A: Introduction of the case study and purpose of protocol

B: Data collection procedures

C: Outline of case study report

D: Case study questions (D1: The practice in operation and its innovativeness.

D2: Evaluation)

The protocol focuses on the practical elements of the research: the audience for the interview, the balance of the questions and the goals of the interview (See Appendix 1.2 p.90).

3.3.4. Design the Interview Questions

When designing the interview questions there are a number of elements to take into consideration as suggested by Foddy (1993). These include defining the topic carefully and formulating requests for information that make sense to the interviewee and elicit the response required. He impresses on the importance of contextualising the questions and responses and also understanding the limitations of human memory. In terms of question design Foddy (1993) highlights the importance of reducing any threat in the questions and understanding the differences between open and closed questions. He proposes a thorough approach to questionnaire planning and this forms the basis of the interview questions used in this study.

Foddy also highlights some areas for caution, such as;

The relationship between that respondents say they do and what they actually do is not always very strong.(1993:3)

He warns that qualitative researchers have to rely on the questions eliciting the type of response they want and understand that they cannot ask direct questions of the respondent to verify an answer without being open to criticism of suggesting answers (1993:16), although;

All questions 'lead' respondents to some extent. (Foddy,1993:54)

In this instance, defining the topics means ensuring that the interviewees understand the two models being used. In response to this, the interviewees are all given the models before the interview and the researcher explains them over the telephone.

Formulating the questions in the correct way is crucial to receiving the information required. Yin (2003:75) comments on the importance of understanding Level 1 and Level 2 questions: Level 1 is the verbal line of enquiry and Level 2 is the mental line of enquiry. The case study protocol explicitly states which are Level 1 and Level 2 questions. For example, 'Describe the CR process in your organisation' is a Level 1 question and 'Which other areas of the business does CR directly affect?' is a Level 2 question as the mental line of enquiry of the interviewer is to understand how integrated CR really is.

Foddy comments that;

'General questions are the most easily justified in terms of their relevance to the avowed purpose of the study, they serve as natural leads for more specific questions.' (1993:62)

Therefore the interview questions are designed with general questions first to set the context and tone, followed by more specific questions.

The contextualisation of questions and responses helps to give consistency to the answers, especially considering that due to the individual nature of each person's past experiences, knowledge, personality and logical thought processes, every interviewee has a different frame of reference. As Gillham (2008:48) notes, it is important to group similar questions together to help build on a theme and create, what Foddy (1993:76) describes as, a 'Response Framework'. Response Frameworks define the way an answer should be given, while taking care not to lead the respondent to too great an extent. Within this research, prompts are noted in brackets to steer the respondent to the correct line of thought, as well as the inclusion of sub-questions to ensure all relevant information is given.

There is a great deal that can be said regarding the limitations of human memory as it can be a significant issue in interviewing, due to the fact that many researchers tend to assume that respondents have the information they want and that they can remember it (Foddy 1993:90). Much of the debate is not relevant to this study as there is time for participants to prepare before the interviews and the questions are given to them in advance. It is noted, however, that research shows that individuals are unlikely to be aware of the causes of unintentional behaviour; therefore questions should only be asked of actions that were intentionally undertaken (Morris 1981, cited in Foddy 1993:91).

Saunders *et al* (2007) consider the issue of careful question wording to reduce any perceived threat. Threat is a subjective and relative issue and therefore the definition of what constitutes threat is unclear. The researcher for this study takes the approach of empathising with the situation of the interviewee and putting herself 'in their shoes' to judge any threat level of questions. Although, much of the advice surrounding this area relates to addressing sensitive topics and personal information, which is not relevant to this study, it was noted that participants would probably not be comfortable on judgemental questions regarding their company nor with criticising processes and procedures that they may have designed and implemented. There is also the opinion that 'why' questions can be perceived as threatening and aggressive (Yin, 2003:90), therefore the questions for this research are worded to focus on 'how'.

Gillham (2008) and (2000), Foddy, (1993), Fisher (2007) and Saunders *et al* (2007) all discuss the importance of choosing the correct question format to suit the style of questionnaire or interview and the type of information required. For this study, the need for explanation, exploration and discussion of concepts means that predominantly open questions are the most appropriate, as Fisher states;

Open questions are vital when the researcher is interested in new ideas of novel points of view or cannot anticipate the likely answers. (2007:198)

The issue of Open versus Closed Questions is raised by numerous academics (Fisher, 2007, Saunders *et al* 2007, Foddy, 1993, Gillham, 2003 and 2008). They argue that the assumptions often associated with each type of question are not necessarily true and many can be overcome and also that both types of question have an important part to play in research. For this research, closed questions are used to elicit short, definite answers to questions that are highly defined and specific. Open questions are employed when the response needs to be driven by the knowledge and experience of the respondent and is explanatory.

3.4. Research Procedures

3.4.1. Carry Out a Pre-Test Interview

A pre-test, in Yin's words (2003:79) was carried out as a,

"Dress rehearsal" in which the data collection plan is used as the final plan as faithfully as possible. (Yin, 2003:79)

There are a number of reasons for carrying out a pre-test, Foddy (1993), Gillham (2008) and Maxwell (2005) all emphasise its importance. Foddy (1993) lists a few of the key considerations and explains that the pre-test enables the researcher to verify the choices and assumptions made during the question design phase;

- *Small changes in wording sometimes produce major changes in the distribution of responses (1993:7)*
- *Respondents commonly misinterpret questions (1993:6)*
- *Changing the order in which response options are presented sometimes affects respondents' answers. (1993:7)*
- *Ensure that the researcher has clearly defined the required information; that the respondents have the required information (1993: 25).*

From the researcher's point of view, the pre-test also allows the opportunity to check that the correct person had been identified for the interview. This demonstrates that the information and telephone conversations that had taken place were correctly understood and interpreted by the contacts the researcher had made. One of the five companies that accepted the offer to take part in the research is used for the pre-test, enabling four to be used in the subsequent study.

Following the pre-test, the researcher reviews the interview by asking questions such as; Did any of the questions seem to make respondents uncomfortable? Did any questions need to be repeated? Did the respondent misinterpret any questions? Did any sections seem to drag? Were there any sections in which it seemed that the respondents would have liked the opportunity to say more?

Following this analysis, a few questions are altered and notes made as to where more explanation would be needed in following interviews.

3.4.2. Carry Out the Interviews

Five companies are approached to take part in the research, with the target being three companies to agree. All five agree to participate. In the interests of maintaining a good relationship between the companies and Enterprise, the researcher interviews individuals at all five companies, one of these is used for the pre-test and the other four participate in the full research interview.

Face-to face interviews take place with the person responsible for the management of CR. The interviews are held in the offices of the interviewee, at a mutually convenient time and last on average one and a half hours.

3.4.3. Record the Results

Interviewees are given the questions beforehand to prepare for the interview. Yin (2003:92), Gillham (2008:55), (Fisher 2007:168) all advocate recording the interview, if the participants are in agreement, as it allows the interview to flow better without lengthy pauses for writing notes and there is a permanent, true record made for future reference. In this case, there are no objections to the interviews being recorded therefore the researcher tapes all the conversations, as well as taking brief notes when appropriate.

All recorded answers and comments are typed up onto a question sheet following the interview, ready for comparison and analysis (See appendix 2.1 p.91).

3.5. *Ethical Considerations*

Ethical considerations are an important issue in research. Gillham (2008:26) describes how, over the last 10 to 20 years, obtaining information has not only become harder but has developed into an ethical question around data protection.

Gillham summarises by saying;

You should make the purpose of your research clear to those involved and obtain their consent to use the information they disclose, protecting confidentiality as appropriate. (2008:26)

As a research topic, the management processes of CR are not an ethical issue and do not require participants to discuss political or moral standings; however steps are taken at

every stage to ensure good ethical practise was respected. The interviewees are contacted through a 'specialised informant' from a company that they are already familiar with so that there is no question as to how the individual's details were found. There is no coercion or persuasion for interviews; any answer from the individual contacted is respected. No personnel records or information are required. Confidentiality is guaranteed in writing from the start of the process. Implicit informed consent is given at every stage by agreeing to take part. Finally, as Fisher (2007:63) suggests, the terms of reference for the project are explained early in the process and are not changed, so participants know what is required of them at all times.

3.6. *Summary*

The research into the practical use of 'The CSR Framework' when adapted to meet the needs of BS 8900 is a Functionalist study, based on Objectivist and Regulatory theory.

A multiple, embedded case study method is chosen as the most appropriate approach, involving semi-structured interviews with the individuals responsible for CR. It is a qualitative study, requiring in-depth analysis of the situation in each organisation. A homogeneous approach is taken to choose the organisations. They are all chosen to maintain relevance for Enterprise. They also need a published CR policy/approach and a Quality Management System.

It is acknowledged that the homogeneous case study method reduces applicability of findings outside this target group; however a close similarity between the organisations is required in order that the results be comparable.

All interview preparation and participation is undertaken in an ethical way. 'Specialised informants' are used to initialise contact, thereby reassuring the participants of the legitimacy of the research. No personal data or confidential information is required. Participants are fully informed of the purpose of the study and confidentiality is assured.

The case study protocol is used to direct and manage the creation of the interview questions. A combination of open and closed questions is used to provide both precise and descriptive responses. Steps are taken to reduce any question threat and give the participant time to gather the data needed.

The interview is trialled in a pre-test interview to check assumptions and any potential problem areas.

Four full interviews are undertaken. Interviews last on average one and a half hours and are taped as well as notes being taken.

These results are analysed and compared to understand whether an implementation model for the BS 8900 based on The CSR Framework is useful and practical.

4. Chapter 4: Findings

4.1. Introduction

This chapter is focused on the presentation and analysis of the case study data. The findings and conclusion of this analysis are discussed in chapter 5. The application of the methodology that was described in chapter 3 is presented first, followed by the data collated from each case study and finally the analysis of each question.

4.2. Application of Methodology

The steps as described in the research design and procedures in chapter 3 are undertaken successfully. All interviewees are content to answer the questions and have the sessions recorded. There are no ethical issues.

All interviewees appear to be well informed of their company's CR processes and it is noted that two respondents manage a specific area of CR and so their answers tend to concentrate on their area of expertise.

The semi-structured nature of the interviews and the different characters of each participant mean that each interview is slightly different. For example in one case, the interviewee's introduction to CR at the start of the interview is so detailed that many of the questions are answered, so as to avoid repetition, when the interviewer believes that a question has already been answered she paraphrases the answer and checks her understanding with the participant.

Participants are asked questions on three main areas: the CR structure within their business, the information flows for influencing, gathering, reporting on and feeding back CR data and finally their opinions on the two models and any similarities to their own operating systems. Responses in these three areas demonstrate the maturity of their CR integration, the mechanisms and processes they use to achieve their position and

improvements that could be made to the BS 8900 model to ensure maximum benefit for users.

4.3. Case Study Organisations

4.3.1. Organisation A

An international construction services company, Organisation A has around 50,000 employees and provides support and expertise in major infrastructure projects, PFI development (private finance initiative), large commercial building projects and business services, including facilities management, engineering and consultancy. It has been involved in and reporting on CR activities since it was created from a de-merger in 1990. The nature of large construction and infrastructure projects means that environmental impact has always been a core driver of the business. It has ISO 9001 Quality accreditation in the majority of its business units.

4.3.2. Organisation B

Organisation B is utility provider of water and waste water services. It is based in the UK with just over 5500 employees and has a branch in the USA with nearly 3000 employees. It has been reporting on CR since 1994 and recently made the strategic decision not to report specifically on CR as a separate entity, but to integrate it into business unit reports. It does not have an ISO 9001 nor other Quality accreditation.

4.3.3. Organisation C

Organisation C is a large, international telecommunications company. It has circa 120,000 employees and 40,000 contractors providing domestic and commercial telecoms networks, internet capability, mobile technology and telephony. Since 1992 it has been

producing a separate CR report, which initially was very environmentally focused. Organisation C has the ISO 9001 accreditation.

4.3.4. Organisation D

In the last 12 months this organisation has undergone a complete strategic re-focus and CR has been included as a key business driver. It is a utility company that creates and distributes energy across much of Europe and also in Russia and America. It has around 18,000 UK employees and has been reporting on CR since 2001 in the UK. Each country reports its CR individually. Organisation D has ISO 9001 in certain business units and also has ISO 14001 accreditation for environmental systems across the whole company.

4.4. Findings for Each Case Study Organisation

Each organisation is discussed in terms of the three areas of investigation highlighted in 4.2 and then ends with any additional useful comments.

4.4.1. Organisation A

In Organisation A the participant works in the Business Services division. He managed the project to get the business the ISO 9001 accreditation and has a good knowledge of the CR activities.

The Organisation has an embedded CR structure. It has been a core principle of the company since its creation and sustainability teams are present within every division. These teams feed information up to the Sustainability Operating Group, which in turn liaises closely with the Plc Board through an Executive Director who has CR as part of his remit. Information and figures are audited annually by an external audit company (see Figure 4-1).

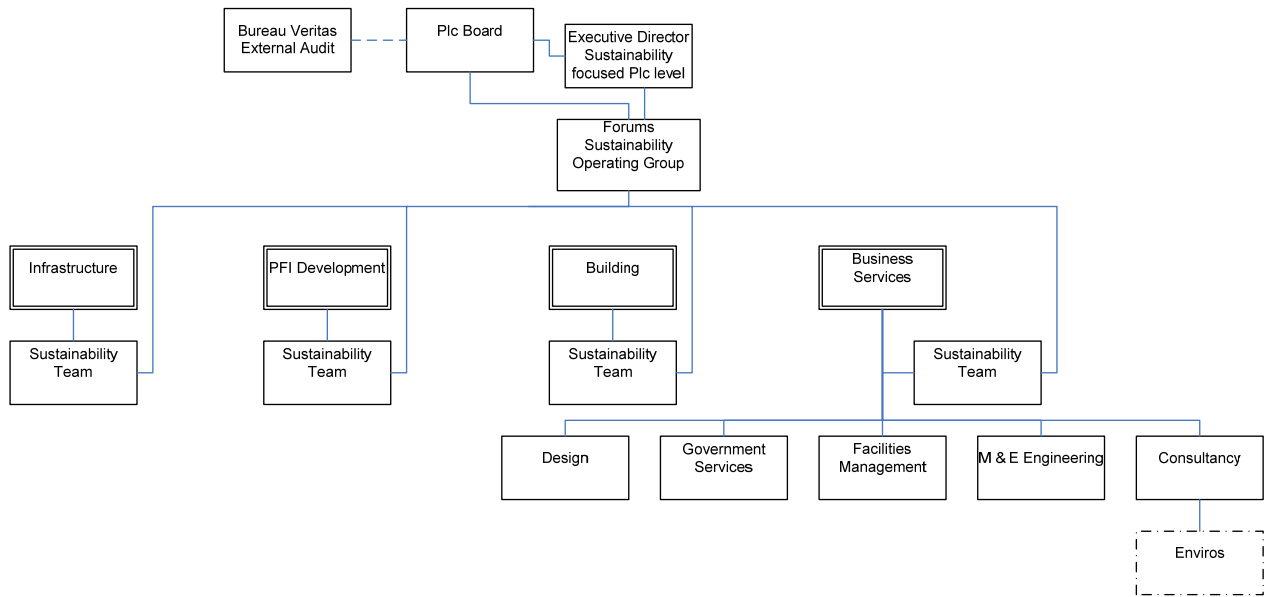


Figure 4-1 CR Structure in Organisation A

This structure shows CR to be integral to the business. It is not an additional team that works independently, but a network of teams with a focus on CR and Sustainability that report into the main Plc board.

The information flows within Organisation A demonstrate once again the embedded nature of CR. Information for the CR strategy begins at the top with the Mission Statement. This sets the long term aim of the company. The three year plan is then created for the whole Group by the Board, outlining the focus areas and targets, of which one is sustainability. The Board sets policies and statements to support the three year plan. From the Business Objectives the Sustainability Excellence Model (SEM) is updated to deliver the sustainability requirements of the three year plan, essentially this is the CR strategy. Feeding into the Sustainability Excellence Model are also external and internal influences from stakeholders, employees, CR advisory organisations, requirements of auditors and Government policy, to name but a few. This range of inputs for the SEM ensures that sustainability is integral and relevant to every part of the business (see Figure 4-2 for details).

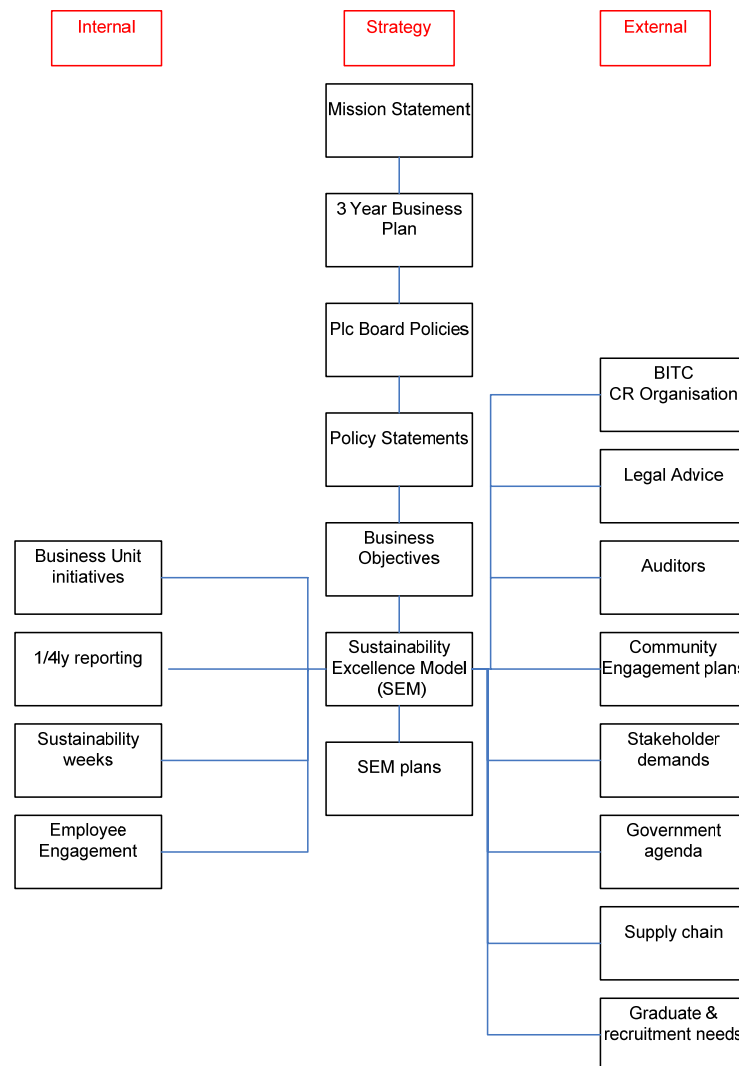


Figure 4-2 Information Flows in Organisation A

When considering the models and links to a Quality Management process, Organisation A finds considerable similarities between the ISO 9001 based models and its own processes. The management systems in Organisation A are created around ISO 9001 and therefore the Castka CSR Framework model is recognisable and could be implemented within this business. This affirmed the link between ISO 9001 and the CSR Model. There are no specific changes or improvements to the model that the interviewee can pinpoint.

The BS 8900 model is also easily recognisable as it is based upon the ISO 9001, in terms of processes. The interviewee comments that in principle Organisation A would be able to adopt this Standard if it would be beneficial to the company. Therefore, by basing the proposed model on the processes in BS 8900 and using the format of The CSR Framework, Organisation A finds the British Standard to be accessible and easy to implement within their current systems.

There are a number of improvements suggested for the BS 8900 model, such as demonstrating the lines of communication in a different way, creating a continuous circle that includes strategic planning and finally reflecting the fact that KPI setting and strategic planning are two separate activities and would happen before the sustainability matrix is created, as this delivers the KPI targets. These comments are valid and useful and remain true to the Quality system processes.

Additional comments include the fact that all of Organisation A's management processes are based on the PDCA (Plan, Do, Check, Act) model and therefore even those that are not ISO 9001 accredited or those without a formalised process map follow the same processes. This information helps to clarify that The CSR Framework and the BS 8900 model could be used in companies that do not have formally recognised Quality procedures, but who have followed a PDCA format when creating their processes. The interviewee also mentioned that the supply chain needs to be recognised in any sustainability or CR planning. Finally, it was noted that any model needs to be flexible enough to account for the fact that different divisions will often be at different stages in their CR activity and reporting.

4.4.2. Organisation B

The interviewee is the Corporate Responsibility Manager for Organisation B. She has been with the company for just over a year and therefore some of her knowledge about previous practices is incomplete; however this is not significant enough to require changing the interviewee. She gives a very comprehensive CR overview at the start of

the interview, which covers a number of questions in the questionnaire, especially those relating to the current processes and the approach to CR. This does not affect the quality or content of the interview and in fact is helpful as it gives the interviewer the opportunity to check her understanding of the processes when those questions are reached.

The structure of the company and the CR team demonstrate that Organisation B has, to a certain extent, an embedded approach to CR. There is a central CR team, which is positioned within the External Affairs department. External Affairs then has a direct link into the CR Committee which comprises Board members and other Senior Managers. This Committee reports directly into the main Group Board. The central CR team consists of four focus areas; Environment, Community, Education and Communication. They work across all the operational divisions on related projects and data gathering (see figure 4-3).

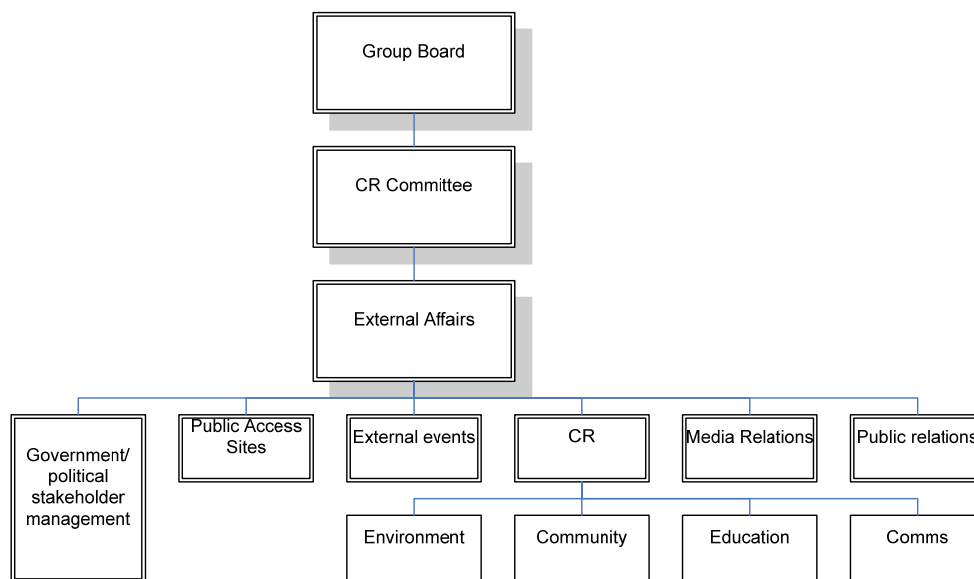


Figure 4-3 CR Structure in Organisation B

The existence of a separate, central CR team shows a commitment to CR but also creates the potential for CR to be managed in a ‘silo’ by that team. This is in direct contrast to Organisation A, which has sustainability teams in each division.

The information flows for Organisation B show a very clear link between the corporate strategy and the CR strategy. The Board embeds CR into its 25 Year Plan, which is then transformed into a Strategic Direction Statement. The 20 Strategic KPIs are created to deliver the Direction Statement and the CR strategy is based on the relevant 20 KPIs to which it can contribute. The CR strategy is also influenced internally by feedback from the CR Committee, the Regulation Team and the other departments and then externally, issues are raised through stakeholder surveys, CR organisations and partnerships (See figure 4-4).

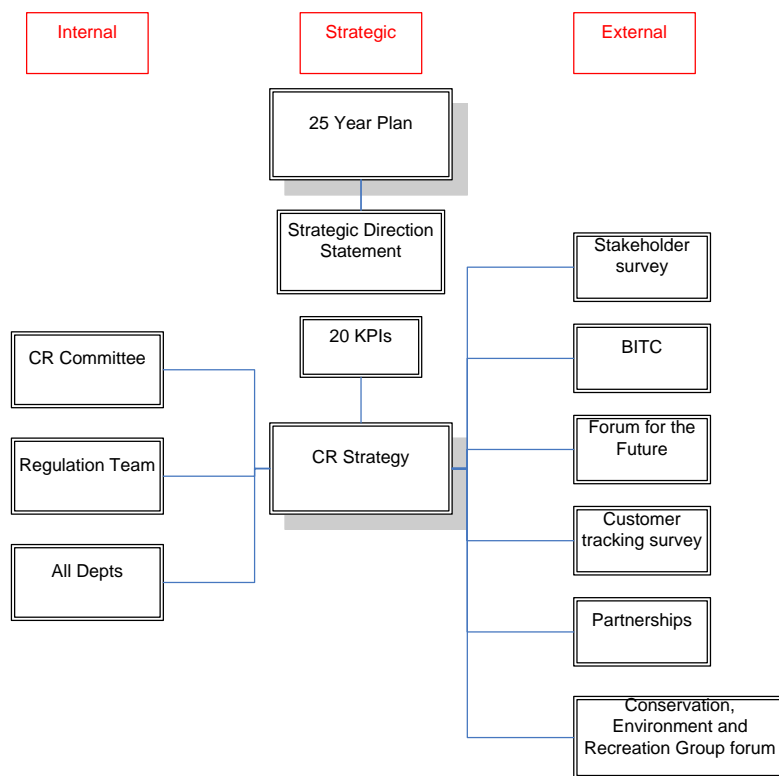


Figure 4-4 Information Flows in Organisation B

The variation of information flows into the CR strategy helps to make the strategy as relevant and targeted as possible.

When discussing the models, it becomes clear that the drive for Organisation B is to fully embed and integrate CR into every aspect of the business. The company has recently decided to stop producing a separate CR report and instead integrate CR reporting into

the other operational and strategic documents. Therefore the opinion is that a model dedicated to managing CR would encourage CR to be separated from main business practice. The CR team structure, however, could be seen as countering this mentality.

Nevertheless, in looking at the Castka model from a processes perspective, it is considered to be useful. Organisation B follows the same processes but does not have such a formal model in place. The lack of ISO 9001 accreditation for Organisation B shows that its processes were not created in order to satisfy this Standard, but have developed in an iterative way to the same point. For organisations just starting on the path of CR integration it is considered that this model could be very helpful and ISO 9001 is not necessarily a pre-requisite.

The interviewee suggested two changes; firstly the mention of identifying any associated risks and secondly, a clearer link to the central business strategy.

When considering the BS 8900 model, the same feelings are expressed around the concern of creating a model to manage CR on its own. The interviewee comments that the model would be of no help to companies with established systems, unless the business case for adopting BS 8900 was very clear, because it could mean duplication or less flexibility. Nonetheless, for a company that values the BS 8900 accreditation, then there is value to be gained by thinking through each of the stages and identifying the needs and issues.

There are four principle changes that are identified. Firstly, there should be a clearer, more explicit link to building CR into existing systems. Secondly, consideration should be given that the sustainability matrix may need to be adapted into different programmes of work for each area of the business. Next, the wording should be output focused rather than descriptive ie: instead of 'Develop Sustainability Matrix', it would be 'Ensure sustainability issues are identified, prioritised and built into existing issues and systems'. Finally it is important to remember that the supply chain is a key element of sustainability and CR.

Additional comments are made, including the notion that governance and internal procedures have to be sound before going externally with CR or expanding it to cover external stakeholders. The interviewee also notes that it is important to clarify what CR means to the business and what benefits it seeks from CR, as this will affect how the processes are chosen and managed. Finally she makes the point that the position of CR within a company has a huge influence on what it reports on, how it is focused and how it is embedded into the organisation. In terms of this affecting the processes shown in the models, it can be seen as a re-enforcement of the importance of separating strategic direction from KPIs.

4.4.3. Organisation C

Organisation C has been managing CR for many years and it is fully integrated into the company, from the CEO down throughout the organisation. The interviewee is the Environment and Climate Change Manager and although this area is her speciality, she has an extensive knowledge of corporate CR as a whole.

The structure is a central CR team comprising three people with focuses on Sustainability, Environment and Climate Change and Social Inclusion, who work across the business directly with the operational teams and also through forums. The team reports into the CR Director, who is part of the Senior Management Team (SMT) and who also has strong links into externally-led CR focus groups. The Senior Management Task Force drives the strategy from the Board through the business. The Task Force reports into the Operating Committee and the Committee for Responsible and Sustainable Business. The Executive Board sits above this and sets the corporate strategy (see Figure 4-5).

The existence of a dedicated CR Director who reports directly into the Operating Committee demonstrates the seriousness with which CR is taken in Organisation C.

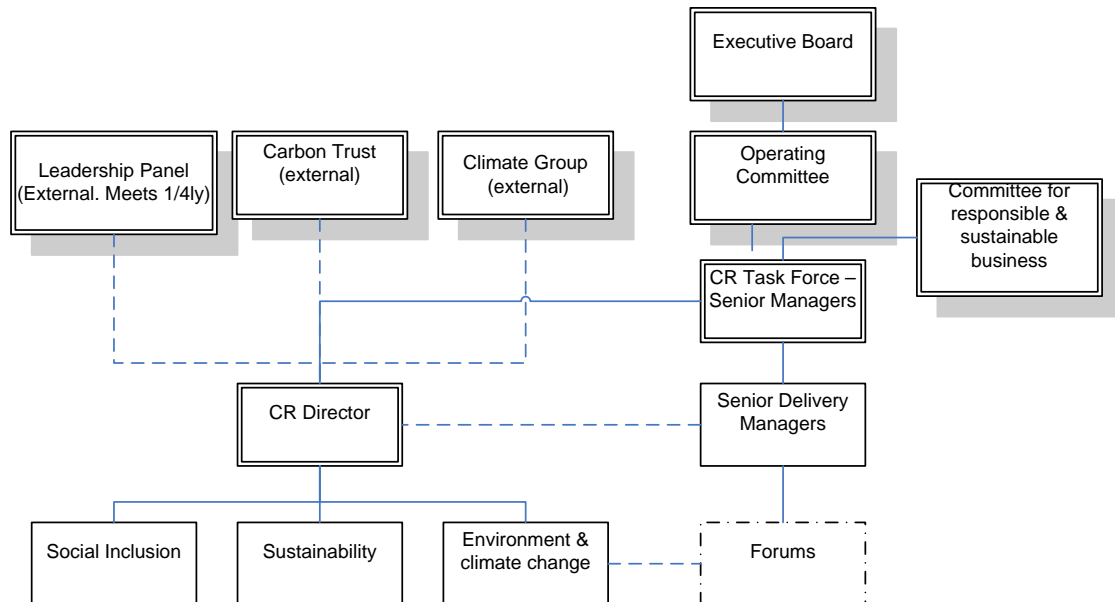


Figure 4-5 CR Structure in Organisation C

The information flows within Organisation C are extensive and demonstrate a focused, comprehensive approach to CR strategy creation.

The Board's strategy is based on 170 targets of business practice called, 'The Way We Work'. This informs two group level sub-strategies of 'It Matters' and 'Ethical Performance Measures', which outline operating procedures and measures. These targets influence directly the focus for the CR strategy. Internal input is gained through employee engagement, forums, management workshops and divisional needs. Externally, information and advice is gained through numerous advisory boards, stakeholder engagement, Government initiatives and regulations and the Leadership Panel, which is a group of external experts that oversees and advises on the CR strategy for Organisation C (see Figure 4-6).

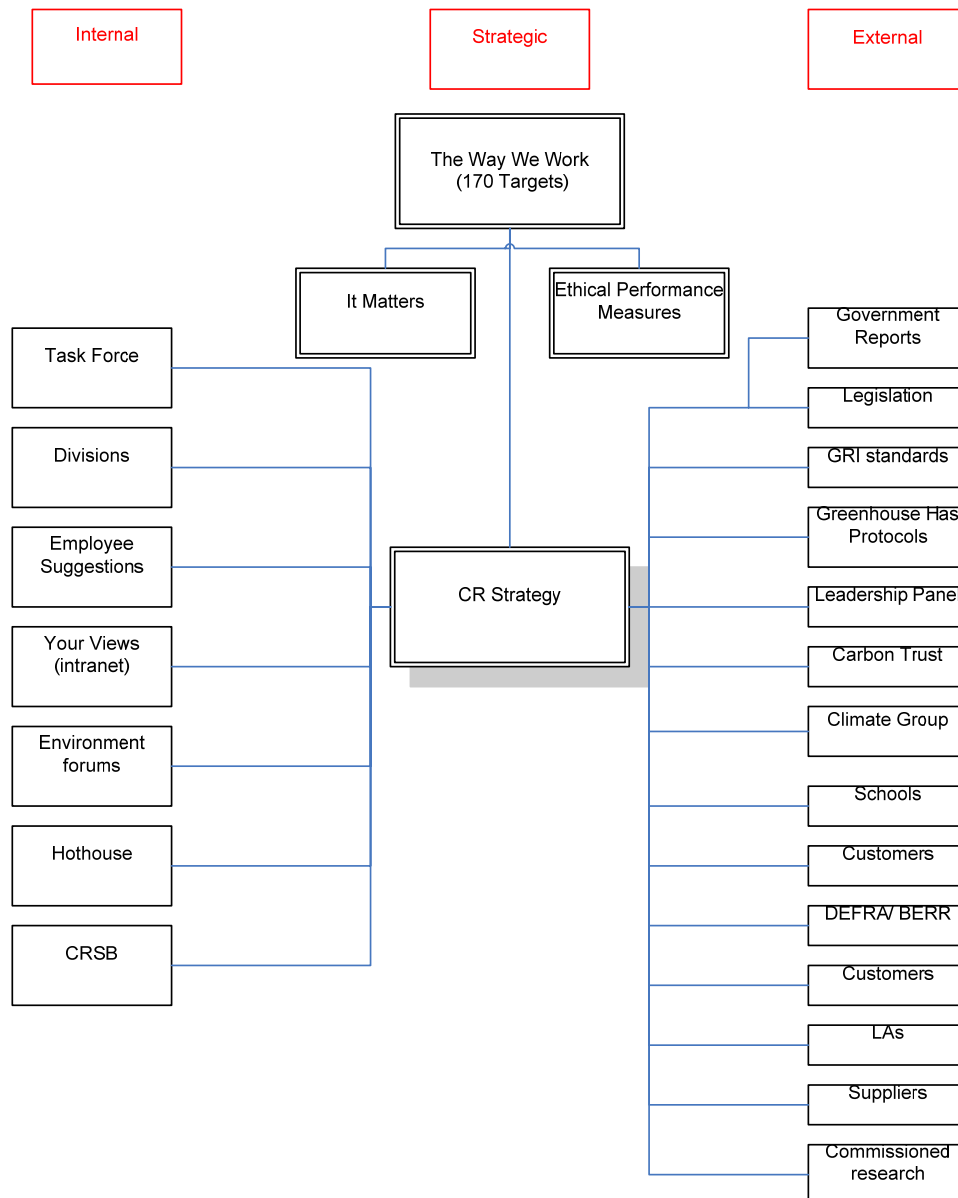


Figure 4-6 Information Flows in Organisation C

When discussing the two models, the interviewee recognises the processes in The CSR Framework because Organisation C has ISO 9001 so they are familiar, but their own CR process is not formalised in that way. She considers it to be a useful model which covers the basic approach to managing CR practices; however she does comment on some missing elements. Firstly, the need to distinguish between strategy planning and target setting. Secondly, a more frequent review process and thirdly, the lack of any mention of behavioural change or internal engagement.

In terms of the BS8900 model, the main comment is that it would only be suitable for UK based businesses that are beginning their CR journey. This is because it does not cover international issues and is not as detailed as Organisation C's current approach, which they have been developing for years and is flexible enough to deal with changing market conditions. The processes in general are useful and make sense, but the language is too CR specific and there is too much jargon. There also needs to be some clarity about what aspect of sustainability it is addressing or how an organisation chooses which aspects to focus on, which echoes the point made in Organisation B. Finally it needs to be more balanced and less cumbersome.

There are a number of general comments made. These include the need for CR activity to be closely aligned to the business activities of the organisation and the notion that, in theory, CR should run itself, because it should be embedded into everyday operating procedure; a CR team should simply support the business and help develop the strategy. The importance of the supply chain is mentioned, as is the immediate effect that raising the consciousness of CR and engaging people has on the success of integration. The interviewee noted that it is important to classify feedback in terms of what fits the strategy and also that defining the issues and embedding them into everyday work is critical, so that everyone is working towards the same goal. Senior managers need to relate the CR challenges to their areas and help to build the strategy. Those strategies also need to be flexible enough to be realigned as the market and stakeholder needs change and as the company becomes more CR mature. Finally, auditing and appropriate recognition are important.

4.4.4. Organisation D

Organisation D is quite different in its stage of CR maturity from the other organisations. A CR strategy that is linked into the Group strategy has only been formed four months prior to the interview and the dedicated CR team has only been in place a year. This is the moment in the life of a CR strategy process that the models are more directly focused

on, as they can be useful for guidance. The direct applicability of the models to the situation at Organisation D means that the interview is less theoretical; on the other hand the interviewee's knowledge of CR systems and processes is not as advanced.

The interviewee is the CR Analyst. She is part of a three person CR team that reports into the CR Manager. The Manager reports into the Director of Corporate Affairs who sits on the UK Board and ultimately the UK Board reports into the Group Board (see Figure 4-7). This simple CR structure is designed to keep the responsibility of CR activities within the operational divisions and provide a support network (the CR team) to challenge and help the divisions as they require.

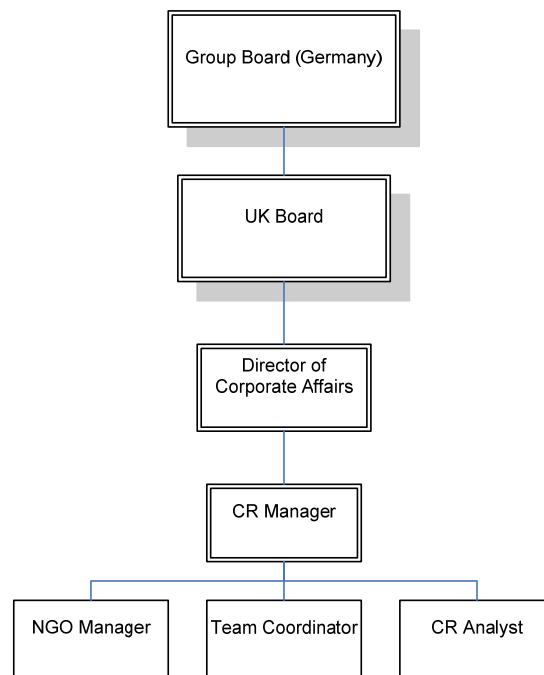


Figure 4-7 CR Structure in Organisation D

The strategy of the company was radically re-engineered approximately 12 months before the interview. The new strategy has a strong focus on CR and therefore the willingness to develop new processes and respond to the challenges of CR is at a high point. The information flows at the point of the interview are still growing; however a strategy for Year 1 has been developed and so this is the reference point.

The new Group strategy has originated from the company values and the CEO. It is branded ‘Changing Energy’ and focuses on how to adapt the business to manage the changing market place and new global challenges. CR has many direct links into Changing Energy and these forms the basis of the CR strategy. From the CR strategy, a governance process is developed and then a list of KPI’s. Internally, influence comes from departmental knowledge on customers and markets, the communications teams, the environment team, the community team and the retail part of the business that deals directly with the public. Externally, CR guidance organisations, such as Global Compact are consulted, customer surveys are used and information from influential groups such as NGO’s and Brand Tracking (see Figure 4-8).

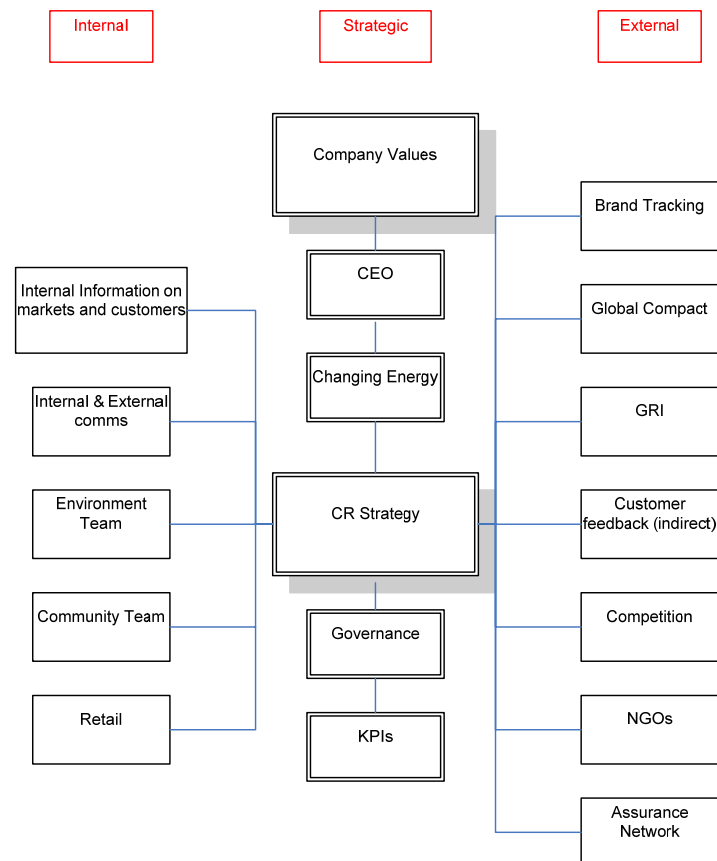


Figure 4-8 Information Flows in Organisation D

This is a balanced, comprehensive approach to strategy development. The interviewee states that it is under constant review during the first year and at the end of the first year a consultation will take place with all stakeholder groups to assess its impact.

When considering the two models, the response is very positive towards the appropriateness of the processes and the approach for Organisation D. Organisation D is familiar with the ISO processes and therefore these models could be applied. The company is only in the initial stages of the models, so they could still be used to inform and plan for the next phases.

In terms of the Castka model, the interviewee comments that there does not appear to be a stage of developing the KPIs, as separate from the strategy development, which is a theme that has been mentioned in other interviews. There is also no mention of governance structure, which is needed to manage the process and would come after strategic planning. The final suggestion is that the link to the corporate strategy or Board level could be better defined.

The interviewee also believes that the BS 8900 model could be useful to Organisation D, as it is more detailed and also in line with UK legislation. Improvements to the model include the explanation of Sustainability Matrix, the addition of a 'KPI creation' stage after strategic planning and before the sustainability matrix and creating a link back to the corporate strategy.

Additional comments of interest are that the Changing Energy strategy was the catalyst for the changes. The top level commitment and focus on CR needs to be visual and demonstrable for the acceptance to be gained through the organisation. The interviewee mentions that the CR team does not set the KPIs, they are set within the business units with advice and challenges from the CR team to ensure they are in line with the strategy. Considering the stakeholders requirements at the start of the strategy development was key to its relevance.

4.5. Findings for Each Research Question

The findings for each question start at Question 4, as this is the first, directly relevant CR question. The answers stated are a summary of the most common responses given by interviewees across the four organisations.

4. How long has your company been reporting on CR activities, either in a separate report or within your Annual Report and Accounts?

2001 (Organisation D), 1994 (Organisation B), 1992 (Organisation C), 1990 (Organisation A).

All report separately except Organisation B which changed recently to integrate reporting.

5. Has the company seen demands on CR growing or changing over that time? If yes – how?

Yes. There has been large amount of growth in terms of topics covered and influences. Government led legislation and initiatives have broadened the scope of CR, as have the growing expectations from all stakeholder groups, internally and externally.

Both hugely. In terms of growing, people have become much more aware of the environment and sustainability, it has become embedded into businesses' operating ideals. (Organisation C)

6. Does your company have a dedicated CR team or person?

Yes. All have teams, although the structure is different in every case. Organisation A has the most integrated teams, with the other organisations choosing to have a dedicated team for CR at some position within the structure.

7. Would you consider the company approach to CR to be driven by:

a. Stakeholder demands and a view that it is 'good business practise'

or

b. A belief that business has a moral obligation to 'give something back'

Both. All say that it is about balancing the two.

There is not a conflict between good sustainability practice and belief and good business practice. One leads the other. (Organisation A)

8. Does your company have a Quality Accreditation, such as ISO 9000?

3 do and 1 does not.

9. Does your company follow a recognised CR management standard, such as BS8900, GRI Reporting Standards or similar?

The most frequently quoted are GRI, AA1000, Sustainability Excellence Model and Global Compact.

Company CR system

10. Describe the CR process in your organisation

On average the structure is a small CR team split into different focus areas, which works closely to advise and consult with the operational teams. The Manager/Director reports into at least one Board member who has a CR remit. Organisations B and C have extensive external feedback mechanisms. Corporate strategy sets the themes/focus areas (explicitly or implicitly CR) and the team works with the divisions to implement and record. Processes are directly or indirectly Quality based.

11. What were the motivations behind starting to focus on CR?

Every organisation states the environmental pressures to be responsible and compliant, alongside their reputation.

We have been reporting on environmental factors for 20 years but it was only in 1996 that the targets were aligned with other areas of CR. (Organisation C)

12. Which other areas of the business does it directly affect?

All, particularly environment, communications, HR and procurement.

Every part, for example the volunteering – each employee is given 2hrs a month for volunteering on a specific project, and that can impact across the business.

(Organisation C)

13. How was it first managed?

In most cases CR was a separately or narrowly focused function. In organisations A and C it had always come from the ‘Top’ as a priority;

It was always run from the top – it was never an initiative which started because someone had a particular passion in that area. (Organisation A)

The other organisations are developing this way of thinking;

It wasn’t embedded in the management systems, it was more a one off.

(Organisation D)

14. Has this changed – if yes, how?

In every case except Organisation A, CR has become more integrated with a broader remit. Organisation A has always approached it in this way.

It has become more integrated into business... Previously teams did exist but disparate around the business, so they’ve been pulled together. (Organisation B)

15. How integrated do you consider it to be into the management systems of these areas or others such as HR, Quality, H&S, operations?

Overall it is well integrated into the environmental systems and in the other areas it is becoming better integrated. This is because the potential and actual impact on the environment is the greatest priority for the companies that took part, due to the nature of their activities.

The Environmental management system has a process diagram that is integrated with CR. It is becoming integrated (with other systems), such as with HR.

(Organisation B)

16. At what point was a decision made to integrate it into mainstream management systems? How was it done?

Organisations D and B integrated their systems in 2007/8 and the other two organisations have always had integrated systems. It is done through a re-focus at Group strategic level on the importance of CR, usually leading to a dedicated strategy and team to manage CR.

17. Does CR management follow the same process as any other management systems? Especially the Quality Management Systems?

Yes, they are similar, based around the ISO 9001/PDCA model.

Yes logically it does, Plan Do Check Review, Identify your issues, work out our organisational responsibilities... (Organisation B)

The Castka model

18. Do you see any similarities in your company's model – if yes – what? If no – how is it different?

In general yes, the processes and stages are similar but perhaps not formalised in this way. It is found that strategy development and KPI setting are two different activities in all the organisations. There are also more review processes and internal engagement activities.

Yes we do those things, we have the components in place, but not this structured, it is more iterative. (Organisation B)

19. How useful would you consider it to be for a company beginning on the path of CR integration?

Useful. It helps to give a broader picture of what a CR process needs to look like and the steps to consider.

It totally makes sense in terms of what we are doing. (Organisation D)

20. Can you suggest any improvements/changes?

Add KPIs/Targets after strategic planning, consider engagement and behavioural change internally, have a more regular review process, specifically link CR to the business strategy and identify the risks.

Behavioural change is also missing from this diagram. That is a really important engagement aspect. (Organisation C)

BS 8900 Model

21. How many of the processes in this model do you recognise as being similar to your company's model?

As it is similar to the Castka model, the processes are easily identifiable, although the language used is often a barrier to comprehension. The 'identify strategic issues' happens both at Group/plc level and at a Senior Management Team level, which is not in this model. The sustainability matrix is very similar to the KPI measuring.

22. Would you be able to follow this model in order to integrate BS 8900 into your organisation? Why?

(Organisations B and C) No it is duplication of the current system and not so robust. Also it is not international. External audit and verification are important and not possible with this model. It would need a very strong business case in favour of its influence in the market place.

No – well you could but it is just an overlap of another system, it's duplication. ... we operate in 54 countries and they all have similar things – so we tend to stick to internationally recognised standards (Organisation C)

(Organisations A and D) Yes. It shows the steps clearly, the processes are familiar.

I think if you followed each step and were successful at each step then yes it would be useful definitely. (Organisation D)

23. In terms of management process, reporting or continuous improvement, do you feel it would add value to your company's CR approach?

(Organisations B and C) No. They are in heavily regulated industries that are monitored from every angle so they already have the systems that they need to respond to the regulatory requirements – many of which are CR focused. However, they do mention that for a company just starting the CR journey there is value in identifying the issues and steps.

The value comes from the guidance of how to think through the issues. But for companies in more competitive environments in a more commercial environment – then this CR (model) might be more important. (Organisation B)

(Organisations A and D) Both organisations are interested and want to look at it more closely but potentially it would be helpful.

24. Can you suggest changes/improvements?

The model needs to be more output and purpose focused, instead of describing activities. The language needs to have less jargon: be specific, clear and open to non-CR people. Elements need to be included to cover engagement and change. The balance and the overall look of the model should be considered, especially the communication lines. Feedback around to operational and strategic planning needs to be added. A KPI process should be included after the first box and before the Sustainability Matrix.

I don't think I have ever seen a process map anywhere where you go outside on the boundaries in this manner. (Organisation A)

25. Are you aware of a similar model currently in the marketplace?

The SUN diagram, which is based on Government reporting. The ISOs. Forum for the Future and its 5 Capitals Model and the SIGMA project.

External Input

26. Has your company sought CR advice from an external source? If so, were any models suggested and how useful was it?

The BITC 4 sector model is popular as a framework. Forum for the Future and the Climate Group are useful for inspiration. The Carbon Trust is approached for information and direction. External auditors are consulted. Finally, the Assurance Network is used to carry out a gap analysis.

These organisations are usually used for understanding the current issues, as a basis for an approach or auditing/gaining an external point of view.

27. Were you aware of either the BS8900 or the intended ISO 26000 standards before you became involved in this research?

There is a vague sense about both of the models/approached but nothing concrete.
I had a loose sense, I knew they were around. (Organisation A)

4.6. Summary

The data collection at all four organisations is successful, with constructive, in-depth interviews undertaken with relevant people. The approach of semi-structured interviews that are recorded is appropriate for the research and allows the flexibility needed for such a diverse topic. The questions are answered consistently in all interviews, with no verification or explanation needed. The format of the interviews varies slightly due to different personalities and the job role of the interviewee, but this does not affect the data collection.

All the organisations have a different approach to CR and are at different stages in their CR maturity development, which means that the applicability of the research is broadened. Despite the differing nature of the organisations' approaches to CR, the processes and considerations covered in the two models are recognised by all. The universal popularity of the ISO accreditations means that it is a solid basis for other process maps.

There are a number of useful and interesting suggestions made as to how to develop and improve both models, both directly from the interviewees and also indirectly by understanding their company's processes. These are discussed in the next chapter.

5. Chapter 5: Conclusions and Implications

5.1. Introduction

The motivations for this research came from the discoveries outlined in Chapter 2 that the majority of CR models lacked specific guidance on the integration of CR into existing management systems. The CSR Framework developed by Castka *et al* (2004) explores the links between Quality Management Systems (specifically ISO 9001) and CR. This approach appears to be the most practical and useful due to its foundations in the ISO 9001 model, which is widely used in businesses. The British Standard for Sustainability, BS 8900 was launched in 2006 and sets out guidance for businesses that are in the early stages of CR integration. By taking this guidance and the using the basis of the Castka *et al* model, the author created a new model for businesses to use in order to integrate the BS 8900 approach to CR into their management systems, provided they have Quality Management Systems (QMS) in place.

The research was case study based. Five organisations were approached to take part, one acted as a pre-test site for the questionnaire and the four remaining organisations agreed to participate in the interviews.

The data collection was successful and a wide range of information and opinion was gathered. The results of the interviews can be seen in the previous chapter, chapter 4. The analysis and evaluation of the data will now be discussed.

5.2. Critical Evaluation of Adopted Methodology

The methodology adopted for the study is appropriate for the needs of the research. As Robson noted (2002, cited in Saunders et al 2007:130) the case study approach is the most appropriate for an investigation of a specific phenomenon seen within its real life context and using multiple sources. The face to face interviews allow for important

engagement and rapport building. The semi-structured nature of the questions facilitates comparison and enables the interviews to run in a similar manner despite the different settings and timings, a fact that Maxwell comments on as being important when comparisons are required (2005:81). The length of the interview and the style of questions, combining both open and closed, work well for instigating discussions and extracting the necessary information. Taping the interviews, as recommended by Yin (2003:92), Gillham (2008:55) and (Fisher 2007:168), means the interviewer's focus remains on the discussion rather than on note taking and therefore the interviews flow well. The recordings also enable the interviewer to listen back to the interviews a number of times and reflect on the answers.

There are a few areas that could be improved should this study, or one similar to it, be undertaken again. The use of one organisation for a pre-test of the interview questions and approach is very useful and led to changes in the wording and order of some of the questions. However, it is noted that this interview was undertaken with an organisation with little experience in CR. The positive side to this is that the model is aimed at organisations in this position and the fact that it is received with interest is an encouraging start. The negative aspect to this choice of pre-test subject is that the responses given by this organisation prove to be very different to those given by an organisation with a very developed approach to CR. The main consequence is that the researcher is then unprepared for the vastly different opinions presented by the more advanced organisations. The variety of responses is not wholly negative as it produces some interesting results; yet had the pre-test phase included an organisation in this position as well as an organisation in the early stages of its CR development, the researcher could have been better prepared to manage and respond to the responses given during the interviews.

Yin mentions that the data collection plan in the pre-test should be as faithful as possible to the final plan (2003:79), however there was no mention of the subjects of the pre-test needing to represent as fully as possible the intended interviewees, or even choosing pre-

test subjects that represent the extreme viewpoint possible in the real set of interviews to truly prepare the interviewer for the possible responses.

It is not foreseen that organisations with a large international presence would initially reject the model almost immediately due to its British focus. The interviewer has to concentrate the interviewees' attention on British CR requirements and consider their organisation's process in the UK, rather than extending it to foreign operations. Had this reaction been pre-empted then the questions could have been phrased to highlight this important distinction; however in these circumstances the interviewer has to work hard to reverse the negative reaction. This also could be achieved by a second pre-trial of an organisation with an international market.

There is a good combination of organisations that have an integrated approach to CR and those which are still in the early stages, which gives a balance to the data; but this was accidental as it is impossible to tell this from their literature because every organisation markets CR as an integrated activity. For future studies it may be possible to gauge this from an initial meeting that would need to take place before the main interview. The meeting would need to be face to face, as it would be the first contact and an element of trust is required in order to glean information on how the organisation treats CR.

The final issue is that the ISO QMS is not present in all companies. Three of the Organisations (A, C and D) have ISO 9001 accreditation in at least some areas of the business; whereas Organisation B does not have any apparent Quality system. For Organisation B it is explained that due to the heavy regulation, Quality is monitored by external bodies and also that the quality of the water was the main focus of the Quality team, not the quality of systems or processes. Despite this fact, the model and the processes are recognised by the interviewee as similar to their own systems. This suggests that the model may be relevant for organisations without a QMS, as long as their current systems bear a resemblance to the processes shown in the model.

5.3. Conclusions about Each Research Aim

In chapter 1 the research aims are stated as:

1. To understand the practical applicability of accredited Quality systems to CR integration.
2. To understand current CR management systems used in chosen case study organisations, any link to their Quality systems and their successes and drawbacks.
3. To investigate the feasibility of using the Castka *et al* model as a basis for a practical implementation model for BS 8900.

The responses to these aims will now be discussed in turn.

5.3.1. Aim 1: To understand the practical applicability of accredited Quality systems to CR integration

In Chapter 2 the theoretical link between Quality and CR is explained. Hazlett *et al*, 2007, Pedersen & Neergaard, 2008, Castka & Balzarova, 2008, McAdam & Leonard, 2003 have all discussed the “obvious parallels” (Hazlett *et al*, 2007) between the development of CR and the development of Quality management.

Initially, the intention of the research was to investigate this link explicitly by considering the processes used by organisations to manage CR and comparing them to known QMS. This would have culminated in a model that combined the two. However, through the course of the literature research it was discovered that the work by Castka *et al* (2004) was very similar and had produced The CSR Framework model.

Therefore, the focus of this aim changes slightly to concentrate more on the applicability of the Castka *et al* model and whether the organisations recognise the references to QMS within it, especially in relation to their own.

All the organisations recognise the processes, either specifically as the ISO 9001 model or as familiar processes that are used in their internal systems (See 4.5 for more details). In this respect, Quality systems appear to be a good basis for a CR model. From this research the familiarity of the QMS approach would give companies that are new to CR a level of confidence when considering their approach to integration.

In the literature review, a number of concepts linking Quality and CR were discussed, these included: the internal customer and internal supplier (Slack *et al* 2007:654), respecting the needs of a number of stakeholder groups (Ghobadian, 2007:704) and the requirement for both Quality and CR to be integrated into every area of the business (Ghobadian 2007:704). All these notions were mentioned and confirmed in the interviews and formed part of the CR processes within each organisation.

5.3.2. Aim 2: To understand current CR management systems used in chosen case study organisations, any link to their Quality systems and their successes and drawbacks.

This aim is focused on gaining a thorough understanding of current CR systems and recognising whether the theory in the literature regarding successful systems is mirrored in these organisations. The case study organisations are chosen because they have a CR process already in place and therefore the questions 10-17 in the interview (Chapter 4.5 p.63) are intended to probe into the mechanics of this process and learn from the changes they had made or problems they had encountered.

The CR systems operated by the case study organisations are very illuminating and highlight a number of areas of similarity and difference that can be studied and applied to a new model. Similarities include the strong links into the senior management and the Board, which were found to be very important in the literature review (see 2.2) when implementing management systems such as ISO. Fuentes *et al* (2009:229) and Yahya and Goh (2001:942) stated that the lack of senior management support was a key barrier to implementation. By ensuring support from the senior management, the case study organisations are removing this key obstacle from the CR integration.

It is also noted that all the interviewees (Q10 p.63) state a clear distinction but also a link between Group strategy/objectives and the CR strategy. It emerges that the Group strategy is the primary influence on the CR strategy and is therefore critical to integrating CR in a relevant way. Their CR processes show this clearly and it should be a central part of any model.

The processes identified in the literature as being critical requirements for a successful management system (Table 2-1 – Requirements of a Management System from cited sources) were data capture and measurement, resources, review and evaluation, reporting and continuous improvement. These steps are all visible in the CR processes of the case study organisations and therefore this suggests that any proposed CR model should include these stages.

Due to the homogenous nature of the case study group, it is important to take steps to broaden the applicability of the research where possible. By understanding the details of the CR processes in place it is possible to make the links to more general research on management systems, such as the importance of a process-based approach and the focus on multiple customers that are discussed in the literature review (see 2.2) by Castka *et al* (2004), Karapetrovic (2003), Slack *et al* (2007) and Cramer (2005), amongst others.

5.3.3. Aim3: To investigate the feasibility of using the Castka et al model as a basis for a practical implementation model for BS 8900.

The practical way to investigate this aim is to create a model and then ask for critical evaluation from the interviewees.

The general recognition of the ISO processes in the Castka *et al* model, demonstrated by the case study organisations in this research, and the work by Karapetrovic (2003) and Cramer (2005) on the importance of process-based models suggest that this is a strong

basis for a new model. With over 897,000² organisations worldwide accredited to ISO 9001, any model with this foundation is therefore more accessible to companies. This research suggests that even without accreditation to ISO, the PDCA cycle of processes is recognised as a ‘norm’ (p65). This is confirmed by the findings in the literature review where the PDCA process could be seen in the list of top requirements of a management system (Table 2-1 – Requirements of a Management System from cited sources) and also in the TQM and EFQM models that operate on the same guidelines. Therefore it remains a solid foundation.

The overall results from the interviews are that the new model based on the Castka *et al* CSR Framework is logical and recognisable. However, it lacks a very clear link to Group strategy and there needs to be a separate stage for KPI development as distinct from the CR strategy creation. The communication lines on the new model created by the author are considered to be cumbersome and confusing; therefore these need to be revised. This is not something that was present on The CSR Framework. The importance of communication and stakeholder involvement is highlighted by the responses to questions 65,67 and 67 and then reiterated when each organisation’s CR process is described. It is also a key feature of the Castka *et al* model. Stakeholder engagement, although it is an ever-present requirement, can be dealt with at specific times and therefore it could be included as a process box on the model. This is similar to the Castka *et al* model, but more explicit as a process step.

5.4. Conclusions about the Research Question

The research question is: “To what extent can the ‘The CSR framework’ be adapted to meet the needs of BS 8900?” Through the course of the research a number of the notions described in the literature review have been challenged. Feedback on The CSR Framework and the proposed BS 8900 model is useful and enables the proposed model to be progressed and improved.

² www.bsi-global.com accessed 20/02/2009. Website of the British Standards Institute.

5.4.1. Suitability of BS 8900

The research shows that BS 8900 would only be applicable for Organisation D, due to its relatively under-developed CR processes. The other organisations either regard it as superfluous or would only implement it if it would give external recognition. This assists in the development of a model as it demonstrates that an organisation undertaking this process will likely be at a similar stage and will need detailed and clear steps, which can be used in the initial creation of a process.

The British Standard, however, does specify that BS 8900 is intended for: *organisations of any size, sector and type* (BS 8900:2006:2) and does not mention the maturity level of CR within the organisation. Therefore, more research would be required into companies of varying sizes and types with different levels of CR integration and maturity to investigate if the findings from this study are replicated more widely.

The organisations interviewed also make it clear that they believe BS 8900 only to be relevant for British companies, as it is not sufficiently detailed to manage the demands of international CR. The BS 8900 standard does not mention international scope, but does not exclude it either. In general, the BSI claims to represent the UK view on standards in Europe and at an international level (BS 8900:2006:14).

Combining these thoughts with those above relating to CR maturity level, the research shows that the international organisations have, through necessity of regulatory and stakeholder pressure, progressed to a mature level of CR process development. Therefore it could be that by default, the BS 8900 is more suited to UK organisations, which are fairly new to CR, as it is too late to influence mature, international organisations. The implication is that more research is required on the applicability of BS 8900. For the adaptation of the new model, the findings from this study are used and therefore these assumptions are used.

5.4.2. Instrumental Vs Normative

In the literature review Karapetrovic (2003), Pedersen and Neergaard (2008) and Meehan *et al* (2006) all stress the importance of identifying whether a company approaches CR in an instrumental or a normative way, as this affects the way they integrate it into their systems.

In this study, all organisations stated that their approach was a combination of both, due to the practical consideration that in a commercial company every activity has to make or contribute to the profit, no matter how philanthropic the Directors may be. Organisations A and C have been founded on corporately responsible values, whereas organisations B and D have developed this angle more recently. However; they all had comparable CR processes and their CR outputs are similar. Despite this being a small sample, the range of CR history, the different sizes of the organisations and the varying maturity levels in CR management indicate that it is not as straightforward as may be believed to separate an instrumental view from a normative view. It also demonstrates that a different starting point can lead to a similar result.

In the case of the models, this is advantageous because it means the applicability is wider. It simply applies to all organisations wishing to integrate CR into a commercial environment, regardless of the motivation.

5.4.3. Corporate Strategy Integration

A clear message from the research is the need for unambiguous, tangible links between the CR strategy and the corporate strategy. The research supports the views stated by Pedersen and Neergaard (2008), that the lack of clear links to corporate aims is the reason that CR would remain an isolated add-on activity and could also explain the failure of Woods' (1991) adaptation of the BEM, according to Meehan *et al* (2006).

All the organisations note that the models presented do not specify a process to link the two strategies. This is considered to be key because the linking of the strategies then creates a natural path into the divisional and operational strategies, which is where the day-to-day integration takes place.

The importance of this link is also noted in the literature by McAdam and Leonard in their discussion of an organisation with extensive and sustainable CR activities. This is principally because;

The approach had been to identify the CR elements within key business process, rather than introduce new CR criteria to existing systems (McAdam and Leonard, 2003:41).

In spite of the importance of this aspect being recognised, the previous models do not appear to tackle it in any depth, therefore this is an area for improvement in the BS 8900 model.

5.4.4. Importance of Multiple Customers

The CSR Framework provides a mechanism to engage with stakeholders. The importance of recognising multiple ‘customers’, both internally and externally is noted in the literature review (p20) by Slack *et al* (2007), Ghobadian (2007) and Castka *et al* (2004). It is also reiterated a number of times during the interviews and the CR processes show extensive stakeholder engagement in some organisations. The stakeholder management process is clearly important to CR integration and therefore this element can be emphasised even more strongly in the proposed model than it was initially.

In The CSR Framework, the stakeholders appear to sit outside the process and are engaged at the ‘Strategic Planning’ and ‘Measurement and Analysis’ stages. This study suggests that certain stakeholder groups are consulted with on a more regular basis than this and should be integrated into the process. Therefore this needs to be reflected in the revised BS 8900 model.

5.4.5. Measurement and Evaluation

Similar to 5.4.4, the importance of measurement and evaluation is stressed heavily in both the literature review (Table 2-1 – Requirements of a Management System from cited sources) and during the interviews (Q10 p63 and Q20 p65).

The CSR Framework has *Measurement and Analysis* as a stage; however there are no other points for review and evaluation through the cycle. The research suggests that these aspects need to be included more frequently and should be shown explicitly in the model.

5.4.6. Engagement and Behavioural Change

During the literature review it is noted that Fuentes *et al* (2000:229) and Yahya and Goh (2001:942) state that the barriers to implementation are: Lack of senior management support, lack of communication, employee resistance due to fear of change or lack of involvement and low understanding.

In the interviews, these points are echoed and it is suggested that engagement and internal behavioural change initiatives should be part of a CR integration model (Q20 p65). CR should be included in the communication plan for the corporate strategy to ensure wide distribution and understanding. By clearly linking Group strategy and CR and communicating it well, the fear of change is reduced and the level of understanding is raised.

The CSR Framework does not include these processes and it is noted for the revised BS 8900 model.

5.5. *Limitations of the study*

During the study it becomes apparent that any CR standard or process model is going to have limited applicability due to the variety of challenges and requirements that each organisation faces. The BS 8900 is intended for use across all types of organisations; however this study has shown that in the organisations questioned; only one in four would use it as a basis for their CR integration. The CSR Framework is a practical model based on processes that many organisations recognised; yet this also lacks certain elements considered crucial by the organisations in this research. It will be interesting to see how the ISO 26000 for corporate responsibility tackles these issues when it is released. Therefore, the proposed BS 8900 model created during this research is revised with certain parameters in mind, specifically that it is most relevant to UK organisations with limited experience in managing CR.

The size of the sample for this research means that it has limited applicability. This was noted in Chapter 3; however it becomes more apparent as the differences in approaches and opinions come to the fore during the interviews. The patterns noted in these organisations could be further verified if more organisations were to be added to this research and therefore the results and the model become more persuasive.

The variety of topics included in the heading, Corporate Responsibility are so wide ranging that many already have their own, independent regulations or standards, such as the ISO 14001 for the Environment, or the legislation in the UK surrounding child labour. Of the voluntary accreditations, organisations adopt those that are the most relevant to them and therefore develop the necessary processes involved. This leads to certain areas of CR being highly integrated and developed and others are left behind. Attempting to introduce an all-encompassing CR model is therefore made more difficult as it needs to be flexible enough to manage highly developed requirements alongside very immature ideas. This situation is helped by the fact that the ISO/Quality Management processes are used widely in other process maps and therefore compatibility is facilitated; nevertheless it still remains that an organisation would be reluctant to dismantle a current, specific system for another, more generalised one. This viewpoint was upheld by comments made during the interviews (Q22 p66). In relation to the BS 8900 model, its

compatibility with the ISO accreditations is a benefit and, as before, it should be targeted at a clear audience.

5.6. *Opportunities for Further Research*

There are two principle areas where further research would benefit this topic.

5.6.1. Expanding the Current Research

As mentioned above in 5.4.1 and 5.5, extending the research would help with the generalisation of the data and the confirmation of the trends seen here.

With more time, it would be beneficial to approach and interview more companies in the same situation as Organisation D, so that the relevance and applicability of the proposed BS 8900 model could be explored further. The patterns noted in the suggestions of additional processes and the positioning of the current ones could be tested.

5.6.2. Develop the BS 8900 Model and Re-Test

Mentioned in 5.4 and 5.5 above, there are numerous possible developments to the proposed BS 8900 model. The learning taken from this research could be used to progress the BS 8900 model and then different organisations could be approached to test the applicability of the model following the changes.

The study could be undertaken with a positivist approach, where the model is tested to understand its objective, general use within organisations that fit its target market.

The model below (**Figure 5-1 Revised BS 8900 model**) is a suggested development of the initially proposed BS 8900 model. It takes into consideration the comments and trends

noted throughout the research and would be aimed at UK organisations that are beginning their CR integration process.

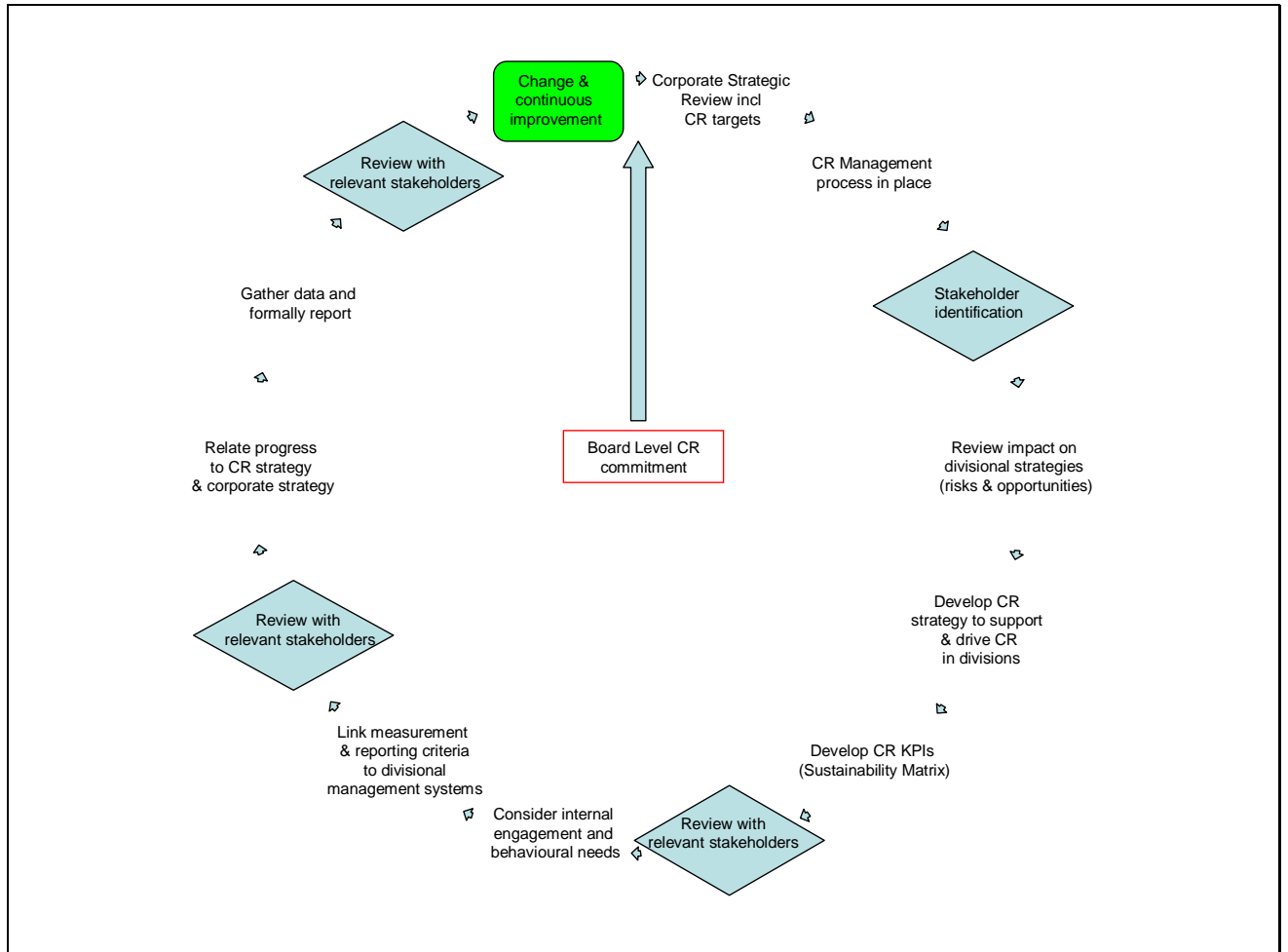


Figure 5-1 Revised BS 8900 model

6. Chapter 6: Recommendations

This research was written in collaboration with Enterprise. Enterprise requires advice on ways in which to improve and integrate its approach to CR in an instrumental manner.

From the results of the research Enterprise appears to suit the type of company that would benefit from following the BS 8900 guidance. CR is a relatively new concept at Board level, although the activities and projects have been taking place at ground level for a number of years. Enterprise has the ISO 9001 Quality Management Systems in place but needs a system to follow to help integrate the current CR activities into a strategic, measurable process.

6.1. Implementation Plan

From this study it is possible to suggest a number of actions to progress the CR activity at Enterprise. The first action is to undertake a thorough audit of the current situation to understand fully the position and regard for CR in the organisation. Once this is understood, the scale of the challenge can be appreciated and managed. It is estimated, from the author's knowledge of the Company, that this would take approximately two months.

The author believes that after the audit, following the steps of the Revised BS 8900 Model (Figure 5-1 Revised BS 8900 model) would be the most appropriate action for Enterprise. The research shows that it is relevant for organisations in similar industries to Enterprise, it can be used by a company at the beginning of its CR development and it can be integrated into systems that follow an ISO Quality Management process.

The first step of the model would take place at a Main Board meeting, with a Board level champion for CR being appointed, as was seen in the research. This champion would then drive the next two actions, in order to identify a CR management process. Those involved in that process would be responsible for all the subsequent operational stages

from identifying the stakeholder groups and their relative power to creating a CR strategy that integrates with current operational strategies through to data collection and reporting. The results would be presented to the Board level champion who relates the information to the corporate strategy and then reports the progress and the suggestions for continuous improvement to the Main Board. Once agreed, the process begins its second cycle with new targets.

The author estimates that this process would take approximately six months to set up at Enterprise, followed by a 12 month period of monitoring the cycle while the processes are carried out for the first time. There should then be a full review to gauge the successes and areas for improvement, before the cycle begins again.

The research showed that genuine Board level agreement of the importance of CR was critical to the success of CR integration and also that each organisation has difference focus areas and reasons for undertaking a strategic CR process. Therefore it is suggested that time is spent understanding the motivational drivers for Enterprise. This will ensure that a persuasive and relevant case is put to the Board.

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Appendices

I. Appendix 1: Data Collection Preparation

A. Terms of reference within letter sent to case study organisations

Dear XXX

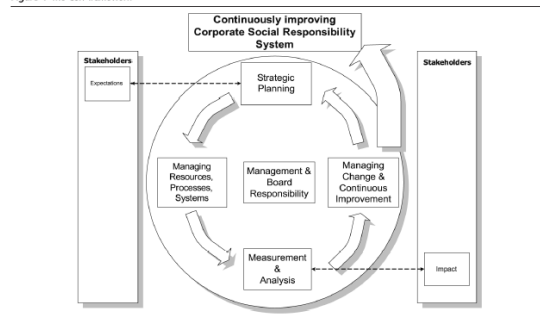
December 2008

I work for Enterprise as the Communications and Marketing Manager and I am currently in the final year of an MBA. For my dissertation I hope to carry out research regarding the links between Corporate Responsibility and Quality Management Systems and how a model based on Quality can be used to help integrate CR into existing management systems.

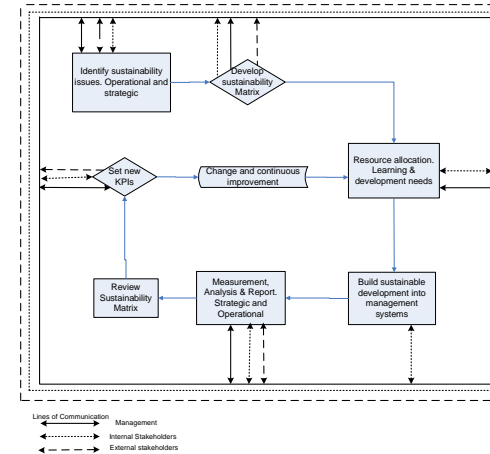
I understand that XXX has established CR systems and it would be a perfect case study organisation for my research.

The research would involve one, perhaps two, face to face interviews between me and the most relevant person in your organisation. I would like to discuss the current CR system you use, how it is integrated into your management systems, and if it is related into your Quality management systems. I also want to see if the model below fits with the theoretical side of your CR processes.

Figure 1 The CSR framework.



If this model does resemble your processes, then does the practical implementation model below look like something that would fit your business if you wanted to integrate the new British Standard for Sustainability (BS 8900)?



The research is purely for an academic purpose and has no effect on the relationship between our two organisations.

I would like to carry out this research in January at a time convenient to you. Your organisation will remain completely anonymous in the subsequent report and you are welcome to a copy once completed.

My contact details are below.

Thank you in anticipation
Regards

Kelly Whalley

B. Case Study Protocol

Overview of the case study project

Study the links between Corporate Responsibility and Quality Management Systems and how a model based on Quality can be used to help integrate CR into existing management systems.

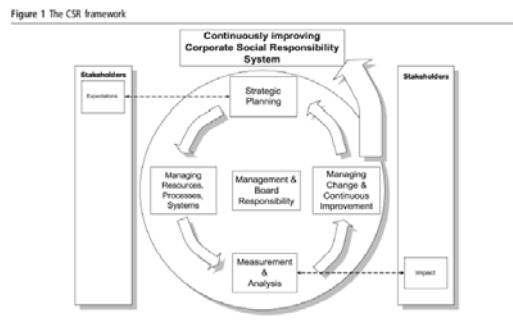
Requirements:

- Three organisations to be involved as case studies.
- Organisations to have min 1 year experience in CR and have produced at least 1 CR report.
- Organisations to have recognised, integrated Quality Management Systems (ISO 9000, EFQM or TQM)

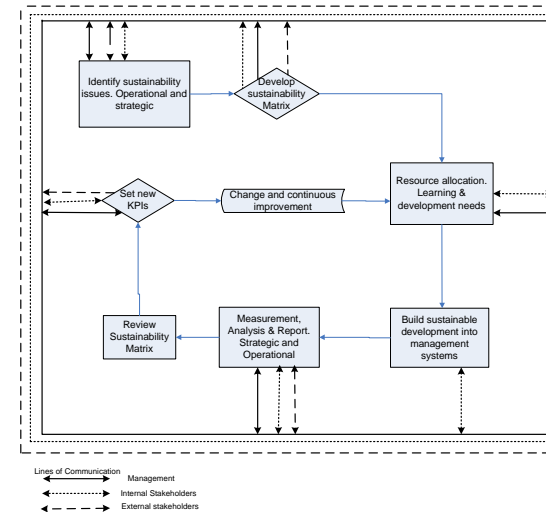
The Aims are:

1. To understand the CR processes of the case study organisation and their level of integration into the central management systems.
2. To understand any links between the Quality systems and CR systems.
3. To see if there is any similarity between the current system and the Castka model, as well as any changes that could be made.
4. To see if the second implementation model, based on Castka's but intended for practical use of implementing the British Standard for Sustainability BS8900, is useful and if it would fit into the organisation's CR processes should this Standard be adopted. Investigate any changes that could be made to this model.

Model 1: Castka



Model 2: BS8900 Implementation Model



Literature findings:

1. If a company has an instrumental approach to CR (stakeholder satisfaction driven) then CR systems need to be implemented into existing management systems with as little disruption as possible.
2. The theoretical links between Quality and CR suggest that the ISO, EFQM and TQM systems can be adapted to extend to areas of CR.
3. Practical implementation models are rare and the lack of an accreditation system compounds the problem.
4. The new ISO CR standard and the BS8900 both state that they can be integrated into Quality systems.

Interview Information

- Three organisations have agreed to take part in interviews at mutually agreed times during December 2008 and January 2009.
- The first interview with Company A will form a pre-test, which may inform changes to the questionnaire.
- They will remain anonymous and referred to as Company A, B and C.

- Interviews will be face to face, at a location belonging to the case study organisation.
- Interviews will be with the individual responsible for CR and will last approx 2hrs.
- Interviews will be recorded to allow conversation to flow more easily, unless the interviewee is not in agreement.
- Dates for the interviews are: TBC
- Secondary interviews may be requested following an initial analysis of the findings.

Interview Questionnaire (Italics are the level 2 questions, numbers Qs are the level 1)

General (aim is to find out background to company, its approach and view of CR, and the CR pressures it is facing)

1. What industry is your company in?
2. How many employees does it have?
3. Is it international?
4. How long has your company been reporting on CR activities, either in a separate report or within your Annual Report and Accounts?
5. Has the company seen demands on CR growing or changing over that time? If yes – how?
6. Does your company have a dedicated CR team or person?
7. Would you consider the company approach to CR to be driven by:
 - a. Stakeholder demands and a view that it is ‘good business practise’
 - or
 - b. A belief that business has a moral obligation to ‘give something back’
8. Does your company have a Quality Accreditation, such as ISO 9000?
9. Does your company follow a recognised CR management standard, such as BS8900, GRI Reporting Standards or similar?

Company CR system (aim is to understand the CR process fully, to get a copy of the process to compare to both models, PDCA process and Quality Models, find out how it was introduced, why and who is the driver for it and how integrated it is. Understand if there is any awareness of the link between CR and Quality.)

1. Describe the CR process in your organisation – (incl how topics are identified, any link into corporate strategy, any process for consultation/participation, agreement of topics, communication routes and frequency, measurement and collation of data, reporting mechanisms, feedback and improvement processes. Provide a process map/flowchart/diagram if possible.)
2. What were the motivations behind starting to focus on CR?
3. Which other areas of the business does it directly affect?
4. How was it first managed?
5. Has this changed – if yes, how?
6. How integrated do you consider it to be into other management systems such as HR, Quality, H&S, operations?
7. At what point was a decision made to integrate it into mainstream management systems? How was it done?
8. Does CR management follow the same process any other management systems?
9. Are there links to or similarities to Quality management systems?

Models (aims are to understand initial thoughts on the models, how similar/different they are to their own model, whether they would be useful to them, how they could be changed)

The Castka model depicts the process for constructing a CR process that integrates into ISO style, quality systems.

10. Do you see any similarities in your company’s model – if yes – what? If no – how is it different?
11. How useful would you consider it to be for a company beginning on the path of CR integration?
12. Can you suggest any improvements/changes?

The British Standard for Sustainability BS8900 suggests a practical integration and measurement approach for CR. The ISO are going to be releasing their CR Standard ISO 26000 in 2010. ISO say that their standard has drawn from BS8900. Both state that they will follow a similar process to ISO 9000 for Quality. The second model demonstrates the next step after the Castka model and shows a practical process for implementing a strategic approach to CR in line with BS8900.

13. How many of the process in this model do you recognise as being similar to your company’s model?

14. Would you be able to follow this model in order to integrate BS8900 into your organisation? Why?
15. In terms of management process, reporting or continuous improvement, do you feel it would add value to your company's CR approach?
16. Can you suggest changes/improvements?
17. Are you aware of a similar model currently in the marketplace?

External Input

18. Has your company sought CR advice from an external source? If so, were any models suggested and how useful was it?
19. Were you aware of either the BS8900 or intended ISO 26000 standards before you became involved in this research? If yes –have you any intention of aligning your organisation's CR to their processes? If no – is it something that you would consider/find interesting?

Outline Case Study Report

- Identify the audience and how this shapes the information in the report.
- Individual case study narratives for each company
- Cross case analysis and results
- Discussion on both models effectiveness and suggestions for changes
- Reflection on data collection

Appendix 2: Data Collection

A. Interview Questionnaire – Organisation A

General

I'm a chartered QS, Quantity Surveyor by Trade, and once upon a time I was asked by my manager to get ISO9000 for another part of the company, which I did. I have to say that I don't have a huge amount of background on the environmental and sustainability, CSR agenda, but I've got some awareness so hopefully we can get some progress but I'm not an expert.

Regarding the models

I recognise the Caskta model instantly as it resembles the ISO 9000 model.

I found the top one more accessible than the bottom one, I don't think I have ever seen a process map anywhere where you go outside on the boundaries in this manner.

10. What industry is your company in?

Organisation A is a construction services company

11. How many employees does it have?

About 50,000 employees

12. Is it international?

A few major business groupings we've got international focused on the Middle East, Caribbean, Canada and little bit in Europe. Primarily its in the middle east where we have around 20,000 employees.

We've got Infrastructure, another business grouping in civils, road, rail business.

We've got a PFI development arm funds which secures PFIs which then subcontracts the work to within Organisation A.

We've then got a building division, which was at one time was the lead driver in Organisation A, if anything that's diminishing its profile in Organisation A. It has a regional arm and a major projects area.

Organisation A business services is taking over as the largest business grouping in Organisation A, that must be onturnover as we have around 19,000 employees. Within there we have a number of businesses – facilities management business, we've got a government services business which has health sector, defence sector and education. Then we have a mechanical and electrical engineering business and also a consultancy business which has Enviros which is a recognised leader in Environmental consultancy and then we have a design business which does architectural design.

13. How long has your company been reporting on CR activities, either in a separate report or within your Annual Report and Accounts?

Organisation A is definitely a sector leader in sustainability, and it goes back to 1990 something like that, to the Portman Down M3 extension across the South Downs and Tarmac, as then was, had its AGM in London and up on the stage jumped Swampy and his mate and made a bit of a fiasco of the AGM. So at that point they got Green and Organisation A was subsequently formed as a product of a de-merger of professional services at Tarmac and that initiative carried forward in Organisation A and led to Organisation A having a real steal on the competition in the area of sustainability and we have won all sorts of awards and continue to win them to stay right at the top.

We reported on it from that point, a long time – we employed Quinton Leeper who had some sort of professional expertise in this area and it was at a senior level from early on.

14. Has the company seen demands on CR growing or changing over that time? If yes – how?

The Government has made some changes in the requirements of company corporate reporting and so Organisation A would be compiling with those corporate changes, but Organisation A is also involved with and keeps in line with other Government initiatives, including the one which generated the Sustainability Excellence Model. I think at Chief Executive level we were involved in the government party that established the sustainability excellence model. Sir Neville Simms was the person who chaired and led the exercise that delivered the excellence model.

Sustainability is talked about in a general term across the piece (not just environmental)

15. Does your company have a dedicated CR team or person?

Yes, we have an executive director, one of Organisation A's five Exec Directors, is the person who as an aside to his other duties, specifically has sustainability under his ownership and he has a sustainability lead with an assistant at PLC level. But within each business group there are sustainability teams as well, so there are forums led from plc level where the direction and strategy toolkits are agreed, the SOG, sustainability operating group, which is managed at plc level and with representatives from all business groups.

It is managed at a plc approach for standardisation but with representations by individuals. So for example there is one single plc environmental policy statement and also one group wide sustainability policy statement, so divisions don't have variants of the policy, they go through the whole company.

16. Would you consider the company approach to CR to be driven by:

a. Stakeholder demands and a view that it is 'good business practise'

or

b. A belief that business has a moral obligation to 'give something back'

I think Organisation A recognise very early on that there is not a conflict between good sustainability practise and belief and good business practise. One leads the other – they are comfortable, delivering sustainability well is good for business and is good for the bottom line.

17. Does your company have a Quality Accreditation, such as ISO 9000?

Organisation A has a number of ISO 9000 certificates but it doesn't have a plc corporate one, or 14 or 18, it tends to be more at business group level.

18. Does your company follow a recognised CR management standard, such as BS8900, GRI Reporting Standards or similar?

We tend to follow the Sustainability Excellence Model, the government one, the Sun diagram. We may follow other things but I'm not aware of them. Louise Riddick at plc level would know that.

Company CR system

19. Describe the CR process in your organisation – (incl how topics are identified, any link into corporate strategy, any process for consultation/participation, agreement of topics, communication routes and frequency, measurement and collation of data, reporting mechanisms, feedback and improvement processes. Provide a process map/flowchart/diagram if possible.)

We have a plc sustainability policy statement which is designed around the Sun diagram, and we then have a sustainability excellence model to deliver the policy statement. The model is cascaded to sustainability excellence model plans down to business groups and individual businesses and into contracts. The whole lot is consolidated or aggregated to give an annual score for Organisation A plc as a whole and the model is generally for 4 year plan although the base line and questions are reviewed annually.

We have a base line series of questions as standard to be measured against and then there is whether they are demonstrable, whether they are visible or whether they are integrated. There is a very detailed, comprehensive model which is cascaded top to bottom.

The question set is agreed at plc level and that isn't modified at any level of the business hierarchy but as what they are setting at plc level is necessarily generic as the plans reach business group we might add another column which articulates a little more clearly what the plc question means in practise within an individual business – but the questions are standard.

(In terms of feedback – how are stakeholders involved?)

The model is reported against on a 1/4 ly basis, so that's at contract, business group and lc level and there is an annual score and Bureau Veritas audits early in each calendar year the annual score reported for the previous year.

In terms of stakeholder engagement, we are members of the BITC 1% club and we do have community engagement plans that we report in 1/4ly again, from the bottom to the top, so the numbers and stats are consolidated to give a corporate picture and I think a lot of this is included in Organisation A's Corporate Sustainability Report, which is on the website.

I think there are comprehensive annual reports in this whole area on the website.

One of the things that was down for me on Friday was Organisation A plc's 3 year business plan which is normally on the intranet and its also sanitised for public consumption and one of the 5 or 6 strategic goals on there would be on suitability. That should also be in the corporate reports.

In terms of the improvement process, it is driven in part by stakeholder demands I think one of the things we discussed early last year – we have started to become a zero emissions business, which means that Organisation A's products and services are carbon neutral and I think we are trying to reduce our carbon footprint by about 80% , which is a very high challenging target. The agenda is moving on and its following the government and also influencing the government.

(so you report quarterly at a local level and to plc and annually you report publicly and you are audited – and that's part of a 4 year plan, a rolling 4 year plan)

Yes a rolling 4 year plan, it has these 4 baseline and development assessment or stages some parts of the business or with new contracts you may have to ask baseline questions and if you are at the excellence end of things then the benchmark is moved onwards at that point annually. So it caters for all business groups at different levels.

So it is technically possible for our annual score to go down, like for example last year we acquired Alfred McAlpine and all that has to be factored into the numbers and for perfectly legitimate reasons our score might go downwards.

20. What were the motivations behind starting to focus on CR?

Came from Tarmac, who were an early dealer in this area – they certainly got the ball moving and Organisation A was very happy to carry that forward – which they did. If you were building motorways across the South Downs then it was high on the agenda. Now at the moment we might seek to build or design hospitals it in such way that the environmental impact and the life cycle costs were much lower than might otherwise have been the case, if you look at the environmental footprint right through the supply chain. The supply chain is now becoming a bigger issue and at a simple level we have a corporate fair trade supply chain arrangements for all our tea and vending machines and so on, so yes the supply chain and sustainability is again an issue.

I'm pretty sure that we are cascading our aspirations down through the supply chain.

21. Which other areas of the business does it directly affect?

I think it is in every business, for example if I take the Executive Director who is in repole for Organisation A Business Services, he is this year introducing a 6 pack – that is 6 metrics, high level, that reflect how the 19,000 staff are doing and one of those six is sustainability and is scored against the Sustainability excellence model, so although it is one metric there is a lot of depth and content behind it and so when the Executive Director has said that one aspect is sustainability, then...and that isn't the Executive Director whose day job is sustainability, and it's clearly on the agenda. Picked up at every level. We have sustainability weeks and all sorts of initiatives all the time, it is pretty high profile, you really need to have your head in the ground to ignore it.

In term of HR I suspect that it has certainly helped with attraction, Organisation A is certainly concerned to attract forward thinking graduates and I think Organisation A, in a benchmarking report against our competitors and it is leading in a lot of areas and if you are a young graduate then sustainability is likely to be in your world view and it clearly fits into Organisation A's world view - so there is correlation there.

22. How was it first managed?

It was always run from the top – it was never an initiative which started because someone had a particular passion in that area and then flow through into another business, it was always top down. It has always been cascaded down in that way

23. Has this changed – if yes, how?

No not really.

24. How integrated do you consider it to be into other management systems such as HR, Quality, H&S, operations?

It certainly is in the sense that the systems are designed to deliver business objectives and requirements that deliver the business's policy statements and in support we have a sustainability policy statement and the toolkit that goes with it, which is based in the management systems, so the management systems are pointed at delivering the policy statement and the business objectives. Organisation A's mission could be argued to be a sustainability mission, which is Making Tomorrow a Better Place and that could be regarded as a very short word on sustainability.

I don't have a good awareness of the BS8900 model, so if I was to look at the Organisation A business in that way then I would be interested to understand that better and to understand to what extent that may be appropriate to amend the management systems around the 8900.I need to understand it more closely first.

I think the ISO 26000 is something that Organisation A would potentially look at – it is genuinely interested to undertake its affairs in a sustainable manner but also we are interested in growing the business – it strikes me as the sort of thing that if you can demonstrate some level of compliance or whatever to 26000 then it would be of interest.

25. At what point was a decision made to integrate it into mainstream management systems? How was it done?

Always been the case – skipped question

26. Does CR management follow the same process any other management systems?

27. Are there links to or similarities to Quality management systems?

Looking back at the model, there is some fit there between the model, and our CR systems and we follow the 9000 and the Pass 99 model, Pass 99 is for integrated management systems which we are seeking independent assessment on.

Our CR systems certainly look similar to that model.

Models

The Castka model depicts the process for constructing a CR process that integrates into ISO style, quality systems.

28. Do you see any similarities in your company's model – if yes – what? If no – how is it different?

We basically take that top level model and drop underneath it links to process and procedures, across the main management stream functions - HR, commercial, finance, IMS, operations and then under operations we would break that down again to particular operational sectors. So that is the top level and we would drop a line down to drill down to processes.

The challenge is to get from there down to practical tools and process and certainly that is the way we have done it to date, looking at the management system as a

whole – under the 'strategic plan' we pick up the link to the policy statements and objectives and KPIs and then down to processes and procedures.

It is very similar to the 9001 model and I suspect similar to the Pass 99 model

29. How useful would you consider it to be for a company beginning on the path of CR integration?

Yes well with the Pass 99 model, that is the standard for integrated management systems and is built on the thought that has gone into the previous editions of 9000, 14000 and 18,000 etc

They have a plan do check act model, a similar approach that is quality based. Our management systems are based on this. The first thing is the policy, the sustainability policy and within the planning of the sustainability package and the implementation and operations is the sustainability excellence model and the KPI reporting and then the report, so its pretty much wrapped up.

Plc doesn't prescribe that a business must be 140001 certified, they did a few years ago. They prescribe the policy statement and the SEM model including the Sun diagram and they prescribe the reporting of the performance against that upwards. The details of how we ensure waste management or whatever is compliant within the business, they don't take a prescriptive angle on that. Once you get down to procedure level the businesses do what they feel is appropriate.

30. Can you suggest any improvements/changes?

The British Standard for Sustainability BS8900 suggests a practical integration and measurement approach for CR. The ISO are going to be releasing their CR Standard ISO 26000 in 2010. ISO say that their standard has drawn from BS8900. Both state that they will follow a similar process to ISO 9000 for Quality. The second model demonstrates the next step after the Castka model and shows a practical process for implementing a strategic approach to CR in line with BS8900.

31. How many of the processes in this model do you recognise as being similar to your company's model? (Talk through each level)

(1) A lot of this would be managed at plc level but with input from our sustainability specialists, so it's formulated from a level above but with input from the specialists – so 'identify sustainability issues – operational and strategic' that also happens at SMT level, so there is the sustainability forum that is chaired by the exec director who is responsible for sustainable development and there is the MD in attendance and that meets on a regular basis that is internal with no external people involved although sometimes external people are invited to attend on different topics.

(2)(Description of the sustainability matrix) Within the policy statement there are a number of sections which are basically all of those from the sun diagram – which would be the matrix, then we drop down to the sustainability excellence model which has the four stages; baseline equals this, is this where you are? and an action plan next to it and performance reporting next to it – or maybe you are further along. So I think we have the sustainability matrix embedded in the whole business.

(3)For the next level, the business is happy to fund sustainability resources and we are looking for a graduate at the moment for sustainability and Organisation A business services has a number of vacancies in this area.

(4) With certain areas we manage the KPIs at functional level not at contract level, for example with HR, so they would have a sustainability excellence plan, not with all the questions, but with a sub-set that are targeted at Group HR issues. The business adapts the model for non-operational sides of the business. The business is not just operational, it comprises HR dept, supply chain dept, IMS dept a commercial dept and there are sustainability plans and models for each of these departments, with their sustainability targets.

5)Quarterly board and audits – on Organisation A plc.com there will be a lot of detail on the sustainability report. External stakeholders are involved at contract level with community engagement plans, right from the bottom up, that is where the stakeholders engagement takes place and those plans contribute into the plc plans.

6) Yes – that is where we get bureau veritas involved from an external point of view.

7) If I think of the carbon reduction targets- there would have been a lot of dialogue internally before we put those challenging targets in place. I'm not sure on the level of external dialogue but there is the aspiration to mirror the governments hugely challenging targets. This is recognition of external drivers. Organisation A wants to be a leader in this area, which it is – it can't lag. I'm not sure of our representation at government level, certainly Sir Neville Sims was engaged with Government.

8)yes

32. Would you be able to follow this model in order to integrate BS8900 into your organisation? Why?

Yes similar processes

33. In terms of management process, reporting or continuous improvement, do you feel it would add value to your company's CR approach?

See answers before relating to usefulness of standards

34. Can you suggest changes/improvements?

There's no feed back round to identify operational and strategic planning, on the model above there is a proper circle, on this one you start with an operational and strategic box, which would have started in 1989, ignoring the outside line, there is no feedback back into it from operational issues- I'm not finding the communication lines helpful, there is more detail but there isn't a continuous circle. You would have expected the KPIs to come after the first box and before the development of the sustainability matrix and I would have thought that the matrix followed the KPIs as it is designed to deliver the KPIs. The KPIs would have been set on the basis of the sustainable issues and operational and strategic parameters. But you are ending up with the model above then because if you move continuous improvement then you've got the model above.

35. Are you aware of a similar model currently in the marketplace?

We currently use the SUN diagram, but I'm not aware if there is anything else, I know it is based on government reporting.

External Input

36. Has your company sought CR advice from an external source? If so, were any models suggested and how useful was it?

Definitely – we do now have Enviro, we have the relationship with Bureau Veritas and we have a relationship with DLA Piper for regulatory assistance, I'm not sure who we engaging with externally, and BITC, I'm sure there is shed load out there but I don't know. They are probably in the annual report actually.

37. Were you aware of either the BS8900 or intended ISO 26000 standards before you became involved in this research? If yes –have you any intention of aligning your organisation's CR to their processes? If no – is it something that you would consider/find interesting?

I had a loose sense, I knew they were around. The Pass 99 is for integrating ISOs and could integrate any standard, I imagine this framework could manage the CR model. There is also a BSI for integrated management systems.

B. Interview Questionnaire – Organisation B

Introduction given by interviewee

External affairs deal with media relations, government relations, local authorities. There is another team which looks after the public access sites, for the people who visit our sites and the management of those public access assets, this sits within external affairs as well. Then we have a small section for external events and then CR team. It's interesting because CR can fit within many different places in an organisation, you can find it in external affairs, you can find it in health and safety, environment and HR – it sits in so many different places. I've been with Organisation B for just over a year and before I was with BAA, I was with them for a long time and the CR section moved to a number of different places and it was interesting to see that the focus of the CR agenda can change a lot depending on where it sits. At one time we were in planning, that meant that a lot of focus was on how do we get planning approval, but if you were part of quality and management then you are focused more on systems and processes, and if you are in external affairs then more of an external reputation and brand focus. It is interesting strategically and how it interacts with other parts of the business. I think it is internal and external pressures, a lot is business driven, there needs to be structural decisions around where things sit and a lot of that is around personality and who is interested and person politics come into play. At BAA, because environment and community issues are so important it became a key driver and moved out of H&S day to day role into a more 'how are we going to use this agenda to build the support we need'. That was more a strategic decision. It was never in External affairs in BAA as it could be seen to a PR exercise we were only doing it for public relations, but in Organisation B because there are different drivers around planning permission then we don't have the same pressures in that area and then we don't have the same brand pressures that someone like Coca-Cola would have, they are not a regulated monopoly.

The way external affairs is changing its remit as a whole is as a group of teams who are going to be facilitating the business more and supporting what it needs and not sitting on the edge trying to manage our external reputation from the side lines, we are becoming more operationally focused and working across the business, so for Organisation B this is quite a good place for it to fit. You can work cross functionally and be the outside eyes and ears of the outside world and also be the radar of what people are saying about us externally and then translating those into the business. Sort of external and internal facing.

Building these issues into supply chain processes and into selection procedures for suppliers and contracts is definitely part of the embedding element of what we do.

So that's the External Affairs dept.

In terms of CR we were prosecuted this year for serious fraud, so we have a legacy of not having done some things so well and so as a result of that not having so much trust or credibility with our stakeholders. As a result of that you can't talk about being a corporately responsible company before you address these things, it is pointless being good at community things if fundamentally your governance and internal procedures is not right, I think the strategy to make sure that what we're doing at the core of the business is sound has got to the starting point. We have some good foundations from the period when we were overcharging our customers, we were doing some really good stuff which we have to recognise and take forward. In renewables we have a really good track record we are ahead of the game, there was early investment in renewables, converting sludge into gas and renewable electricity and we have applications in for wind turbines and we have a really good foundation there. We have some really good programmes in water efficiency and education, there are education centres at our water treatment works and our public access sites and we do lots of works with all sort of groups on how to use water responsibly.

It's not been that well embedded or integrated and focused within the business, not well connected to Organisation B's overall business strategy – the risk with that is that it is seen as an add on to do with PR and not really central and a lack of clarity on what is CR and what does it mean and what do they do and what are the real benefits beyond making us look good, so those are the challenges that we as a team are addressing.

The team is:

An education programme manager - 4 centres where we bring in people on a daily basis- we employ contract teachers at the moment and we are looking at how we bring in other skill sets aimed at influencing different customer groups around water and waste water issues.

A community manager who looks after employee volunteering and focusing that back into the business programmes like the charitable partnerships that we are developing. We are giving money to an organisation that will go door to door with oil containers for people to put their waste oil in, so that it doesn't go into the system and then that oil is collected and recycled into bio diesel. So we are getting fats, oils and grease out of our sewers which has a huge environmental impact and using a local charity of community volunteers and funded by Organisation B – so it's a direct effect- good for the environment, good for the community, good for us and so

people can get really excited as it's also the right thing to do, and that's the challenge to find things that are the right thing to do, give a business benefit and motivate people and generate a pride in the organisation and our reputation.

An environment person whose role is to take an overview of the environmental performance, the day to day compliance with discharge and operational issues is dealt with by H&S, but the CR environmental role is more of a strategic overview where we lead on issues where go beyond the day to day compliance, climate change and carbon footprint and what we can do to mitigate that is led from this team.

All of the CR metrics and data that we report externally gets collated by this team.

Then we have communications support, when we stopped producing a CR report we had to make sure that we were still reporting on CR in a number of ways and also in terms of educational resources, helping to build good quality materials to engage with people. There is a good level of interaction between CR and communications and educational resources and there is also a need to have a link with the communications teams in the business, making sure we have consistent messages.

I take an overview of the CR strategy, which issues we focus on, what our priorities we have.

In terms of how we frame CR in Organisation B. We use the BITC model so we use that works well for most people, what CR is about, it's about how we interact with our community, about our impact on the environment, how we interact and work with our customers and suppliers in our market place and then how we are doing as a responsible employer, in relation to H&S, diversity, family friendly policies etc.

Our main focus is to really embed CR within the business strategy and our 25 year plan which is encapsulated within the strategic direction statement, which all water companies now have to produce now. It is a really important document. Picking out the really key issues as is it very easy to get distracted with CR, there are so many areas it can cover we need to be focused, ultimately its to work for a company that you can be proud of, it does make a difference to people's motivation, the studies show that people coming into the workforce aren't just interested in pay and rations, its about what opportunities are there for me to work in the community etc.

We have tried to put on one page the main CR strategy areas and then map the businesses objectives around the together with the 20 KPIs. The 20 KPIs are really important set of measures, they are reported to the city, they are the front end of the

annual report, they are part of the senior management incentive plan, they are reported on a monthly basis – everyone in the company is aware of the 20 KPIs and where we are performing well and where we need to do more work. They have a 3-5 year time frame and these are in their 2nd year. Those 20 KPIs cover a lot of environmental issues, they focus on our carbon footprint, our energy use, water efficiency, pollution incidents, customer focus and employee motivation, H&S. In terms of CR we are not driving ourselves through our KPIs in terms of diversity, or community in terms of charitable donation and employee volunteering, so we have added some additional CR measures that we also track and report through the sub committee of the board called the CR committee, that's a meeting of the great and the good. The Chairman is on it, the Chief Exec, the 2 non-exec directors are on it, so its taken seriously at that level and that acts as an assurance board of how we are doing, are we doing the right thing, how are we doing against the key strategy areas. This also links to the Key Strategic Intentions which are in the 25 year plan, there are 8 areas which the plan focuses on, carbon footprint is one, dealing with waste water, skills – again it is saying that; we have our CR strategy - what measures do we have that track our performance? and how will they help us deliver our long term performance? and where the gaps are and where we need to focus. Reporting is against all those measures.

We have a quarterly meeting of the CR committee so if there is something that needs adding or changing in the KPIs then it will be addressed then, if it was important, I wouldn't wait 12 months to change something at a formal review. It is robust enough for the next 6-12 months. The challenges are to be more prioritised within these areas, we need to be saying for the next year we will be focused on these 3 areas and keep the others ticking over. At the moment it is still too broad an agenda to make progress on all fronts.

There is a business case for CR, becoming more resource efficient, less cost, where we respond to concerns to achieve planning permission, recruitment and retention and people, customers – the more the customers understand what we are doing, why we are doing it and how we are spending their money they are going to be more likely to pay their bills, which is a really big issues for water companies as you can't just cut people off from water, it's a huge issue and a growing issue in the current climate. Looking at competition in the water sector, the regulator is looking at competition and Organisation B is keen on competition. So again it is all about are you providing who can be trusted and building that trust and being prepared for competition going forward.

In terms of property there is a whole issue around the environmental performance of our buildings, we are moving to Coventry in 2010 and we are making sure that is a sustainable building. In terms of HR there are lots of issues that we need to focus on

in CR. Approach is targeted, Laura (community manager) works with HR on how we work employee volunteering into development plans, and how we integrate employee volunteering into promotion. Beverly, the education manager will work with another part of HR in terms of how they support education activities and work placements for people coming in. So it depends on how it is tied to people's roles, it's not an account management structure.

We want to make sure that our programme is mapped and targeted to our strategic direction statement, that we are aligned to the business objectives, we are trying to make sure that our education programmes are reaching a broader range of people, previously it was focused on school children and we want to broaden it beyond that. We have a lot of work to do on our carbon strategy, understanding our carbon footprint now and what we are going to do to reduce that. Environmental management, we need to rebuild the environmental system within Organisation B, we don't have that at the moment and we need to work with health, safety, quality and standards dept to do that. There is a lot of focus on linking employee volunteering with people's personal development, rather than sending people on a training course to learn presentation skills, you can present to community groups on Organisation B or using community case studies to build people's capability. We interact with different stakeholders externally.

Interview Questions

General

38. What industry is your company in?

Waste and waste water

39. How many employees does it have?

5696 in UK and 2985 in USA

40. Is it international?

Yes – it provides water technology and consultancy and management services.

41. How long has your company been reporting on CR activities, either in a separate report or within your Annual Report and Accounts?

Since 1994

42. Has the company seen demands on CR growing or changing over that time? If yes – how?

Yes – it has grown, much more centralised and much more of an expectation on all companies, they have to do this and have a response on this

43. Does your company have a dedicated CR team or person?

Yes (see above)

44. Would you consider the company approach to CR to be driven by:

a. Stakeholder demands and a view that it is 'good business practise'

or

b. A belief that business has a moral obligation to 'give something back'

Both

45. Does your company have a Quality Accreditation, such as ISO 9000?

No, not that I'm aware of. There has been in the past – we have a quality dept, but the focus is on Water Quality rather than the quality of processes or quality standards.

46. Does your company follow a recognised CR management standard, such as BS8900, GRI Reporting Standards or similar?

No

Company CR system

47. Describe the CR process in your organisation – (incl how topics are identified, any link into corporate strategy, any process for consultation/participation, agreement of topics, communication routes and frequency, measurement and collation of data, reporting mechanisms, feedback and improvement processes. Provide a process map/flowchart/diagram if possible.)

CR sits under External Affairs: within this are Public Relations, Media Relations, Government/LA/Political stakeholders, Public Access Sites (visitor sites and their

management), external events. The focus on the CR agenda can change a lot depending on where it sits – this influences how it is driven and managed.

Its external and internal business focus driven – a lot of the internal drivers may be due to logistics and people's preferences. The main focus area of the business and the area that it has the greatest impact on is likely to be the focus for CR activities, whether it be environmental or community etc.

External affairs is changing to become a more integrated part of the business and facilitating and supporting the business more, rather than just sitting on the edge and protecting our reputation. It's becoming more operational and cross functional – having both external and internal ears is useful.

(Circle diagram – shows the 4 CR focus areas, then the main CR Objectives for each area, the Organisation B's 20 strategic KPIs are mapped against the CR objectives and then additional CR KPIs are added where appropriate)

CR Manager takes feedback

From all external sources:

- Customer tracking survey (every 6 months, about 1000 each time – CR issues are included, environment and community). Issues are raised through that
- Stakeholder survey on CR (2-3 yrs) - specific
- CR Organisations: BITC and Forum for the Future – they are a good proxy for stakeholder current issues for CR
- Partnerships: range of organisations eg RSPB
- Forum: Conservation, Environment and Recreation Group = Advisory body meets every 6 months: provides feedback on what we are doing

When focus areas are decided, they take the latest version of information from all these sources, taking stock of what we know from all these sources.

From all internal sources

- Regulation team consults with regulators and governing bodies: English Nature
- Key Strategic Intentions plan.

She goes to CR committee with board level approval with proposed direction and KPIs (the diagram) which is based on input from all the other sources, and that is signed off.

48. What were the motivations behind starting to focus on CR?

Drivers:

Reputation and stakeholders relationships

Benefits

Resource efficiency (Organisation B suppliers and contractors)

Competition/Marketing

Willingness to pay

Resource efficiency (customers)

Community goodwill/ planning permissions

Employee motivation (recruitment & retention)

49. Which other areas of the business does it directly affect?

Safety Quality & standards

Water services and waste water

Property

Finance

Regulation

Business Resilience

External affairs

Customer relations

IS (IT)

All depts regarding volunteering

HR

Finance

Internal Audit

General Counsel

Supply chain

50. How was it first managed?

Separate activity

51. Has this changed – if yes, how?

Become more integrated into business. Current CR team format in place only 1.5 yrs. Previously teams did exist but disparate around the business, so they've been pulled together.

52. How integrated do you consider it to be into other management systems such as HR, Quality, H&S, operations?

Environmental management system has a process diagram that is integrated with CR. The targets set within CR are agreed with other business units that are affected. It is becoming integrated, such as with HR.

53. At what point was a decision made to integrate it into mainstream management systems? How was it done?

2007/2008. The Strategic Direction Statement was created that incorporated CR at a strategic level. That's when there was a decision made not to have a separate report. In the last couple of years deliberate decisions were made to make CR more integrated, which came from the Top.

54. Does CR management follow the same process any other management systems?

Yes logically it does, Plan Do Check Review, Identify your issues, work our organisational responsibilities – same as others, the usual basis stuff.

55. Are there links to or similarities to Quality management systems?

Yes, the principles are the same

Models

The Castka model depicts the process for constructing a CR process that integrates into ISO style, quality systems.

56. Do you see any similarities in your company's model – if yes – what? If no – how is it different?

Yes we do those things, we have the components in place, but not this structured, it is more iterative.

57. How useful would you consider it to be for a company beginning on the path of CR integration?

Very useful

58. Can you suggest any improvements/changes?

Specific reference to identifying risks and links to the business strategy – 'strategic planning' can't be done in isolation – it needs to be linked absolutely into the business strategy. The problem is that this shows a stand alone system for CR, which is fundamentally wrong. I'm not sure there should even be a British Standard for sustainability. It's sending out the wrong signals that it should be separated out. It needs to have its tentacles in every aspect of the process. Organisation B makes sure that the key issues are built into the Key Direction Statement.

The British Standard for Sustainability BS8900 suggests a practical integration and measurement approach for CR. The ISO are going to be releasing their CR Standard ISO 26000 in 2010. ISO say that their standard has drawn from BS8900. Both state that they will follow a similar process to ISO 9000 for Quality. The second model demonstrates the next step after the Castka model and shows a practical process for implementing a strategic approach to CR in line with BS8900.

59. How many of the process in this model to you recognise as being similar to your company's model?

We do these things but not according to a model. I'm not sure how helpful it is to stick to a model. You do need to do all these things. But CR is so diverse, including every aspect of your business, you can't build a separate model around all of those systems, it needs to build into systems. You need to understand what you need to build in and why – you need some sort of map of issues. You need something - a matrix or whatever form it takes so that you can translate that into a programme of work for different areas of the business.

60. Would you be able to follow this model in order to integrate BS8900 into your organisation? Why?

I wouldn't want to develop something like a sustainability matrix just for the sake of getting an accreditation, the model needs to be flexible to recognise the content and intent behind different methods of doing the same thing.

It needs to be output focused rather than describing activities, so instead of 'develop sustainability matrix' it would be more helpful to say- ensure sustainability issues have been identified, prioritised and built into existing business implementation

issues –or even – identify key sustainability issues. Describe the output and the purpose rather than the activity.

61. In terms of management process, reporting or continuous improvement, do you feel it would add value to your company's CR approach?
Would there be value in having something like the BS for sustainability in your business or for your industry?

No I don't think for our industry – because we are so heavily regulated so complying with another regulation may not be the way to go – every aspect of our industry is regulated, either by the Environment Agency or OWFAT. I think from a customer point of view it wouldn't make the slightest bit of difference. The quality of the water they get out of their taps is heavily regulated so that they can rely on that and don't have to look for other accreditation. Prices are regulated and discharge is regulated.

The value comes from the guidance of how to think through the issues. But for companies in more competitive environments in a more commercial environment – then the CR might be more important.

It's like the ISO – as it's not particularly important to you because it's not a big selling point.

Yes, although there is now a business case for ISO 14001 as we will get charged less for discharge when we have it. It is good to have some discipline around the way that you approach these things.

62. Can you suggest changes/improvements?

See Q23

63. Are you aware of a similar model currently in the marketplace?
Forum for the Future were involved in SIGMA – that was building into the British Standard work

External Input

64. Has your company sought CR advice from an external source? If so, were any models suggested and how useful was it?

Forum for the Future: They have the 5 capitals model: 5 aspects for the sustainability approach. They are useful for inspiration. It then needs to be adapted into language that your business understands.

BITC: The 4 sector model. We use them mainly as a sounding board. Their model has been useful in classifying our CR and so integrating it.

65. Were you aware of either the BS8900 or intended ISO 26000 standards before you became involved in this research? If yes –have you any intention of aligning your organisation's CR to their processes? If no – is it something that you would consider/find interesting?

Aware of the BS work, but for CR I wouldn't do it – not before ISO 14001 – that would be the priority before going for an overarching CR standard.

I would look at the ISO, but I would look for info and inspiration on anything that we have missed or aspects that we should be thinking about – but I wouldn't launch straight into it.

C. Interview Questionnaire – Organisation C

General

66. What industry is your company in?
Telecommunications

67. How many employees does it have?
120,000 and 40,000 contractors

68. Is it international?
Yes

69. How long has your company been reporting on CR activities, either in a separate report or within your Annual Report and Accounts?

Since 1992 as a separate report

70. Has the company seen demands on CR growing or changing over that time? If yes – how?

Both hugely – In terms of growing, people have become much more aware of the environment and sustainability – it has become embedded into businesses operating ideals. Our EMS was created in 1990 and then 14001 accreditation was gained in 1996. It was a huge cost to the business so it was a big decision, but the argument was made that if you don't look at carbon it will be a bigger cost later on. In the last 2 years it has become a differentiator, with marketing, with public focus and it requires long term investment, especially in the environmental areas. Following the Stern Report in 2006 it became a financial issue. Last year alone we had £2.2bn worth of bids where CR was a factor. Customers are expecting it, it's a snowball effect. These things don't happen overnight. Following legislation and regulation after the Kyoto agreement in 1996, the Government is well up on policy but lags behind on the deliverables.

71. Does your company have a dedicated CR team or person?

Yes, we are going through a re-structure at the moment but before it was very much in silos. There was 1 CR Director, then three areas of Social inclusion, Sustainability, Environment and climate change. They build on the solid foundations but have blurred boundaries. For example with social inclusion, it includes volunteering and diversity and so is a bit blurred with HR. Climate change and sustainability are more clear cut in terms of boundaries but they work across the whole group. They need and have a clear owner so that there is consistency across all the emissions monitoring for example or waste. There is an Executive Board for all 6 workstreams, then a task force of senior managers, that goes to a team of senior delivery managers of the EMS and then out to the forums for the real expertise and that's where the work gets done.

72. Would you consider the company approach to CR to be driven by:
- a. Stakeholder demands and a view that it is 'good business practise'
 - or
 - b. A belief that business has a moral obligation to 'give something back'

I actually think its more about being a responsible business, I don't believe that any organisation is totally philanthropic, you have to strike a balance so that there links between your business and say, the charities that you pick – so that you can closely align your technology with the needs of the charities and you can give

technology/work in kind as well as volunteers and money. We also have a huge responsibility to take care of the communities that we work in so, do we do things that aren't always linked to brand and reputation, yes we do. For example we work with certain schools to help the children with their conversational and negotiation skills, again it is linked into our mission and company in general, but we don't use it for publicity, it is just something that we do in some areas we work in.

73. Does your company have a Quality Accreditation, such as ISO 9000?

Yes

74. Does your company follow a recognised CR management standard, such as BS8900, GRI Reporting Standards or similar?

Yes, GRI, Greenhouse Gas Protocols, Accountability Assurance Standards AA1000, We tend to try to be leaders and shapers and be involved in the standard setting process, trying to drive best practise.

Company CR system

75. Describe the CR process in your organisation – (incl how topics are identified, any link into corporate strategy, any process for consultation/participation, agreement of topics, communication routes and frequency, measurement and collation of data, reporting mechanisms, feedback and improvement processes. Provide a process map/flowchart/diagram if possible.)

The leadership forum is a group of external experts, along with the Carbon Trust and Climate Group who feed into the initial strategy with ideas and advice, we then set the strategy. It is sent to the task force for approval (or not) and then to the CRSB which is a group of execs and non execs. Sometimes it then goes to the Ops committee and Plc board, especially if it is a climate change and environmental strategy as it affects so many areas of the group. It does have a wide reach. It also comes from a grass roots level, I get emails every day from employees suggesting and commenting on things to do with our environmental approach or activities. There is a 'Your Views' section on the internal Organisation C website where we can pose questions for online debate.

We have set KPI which are set out in the sustainability report. There are about 40 public targets, many of which are linked into 14001 but on the whole there are about

170 targets and setting those and rolling them out is very challenging. We have continuous improvement, which is rolling out across 54 countries, each year trying to embed CR more into each country and into new product development. In terms of reporting for my section, the Environment forums feed into me every month, every three months that gets reported into the leadership board, then about every 6 months we report into the main board. We go to the Operations Committee regularly when we have a new business case for something. A lot of these things are so operational and we need so much buy-in from across the Group it is really important that we have all the senior managers on side. We have just had what we call a Hothouse, which is basically a 3 days workshop where all the senior directors from across the 8 areas discussed ways to reduce our carbon footprint. Eventually I shouldn't need to be here, it should run itself because it is so embedded, but in reality that probably won't happen as new things come along all the time and things change. It is a winner on a commercial basis, for our brand and for the wider environment. It is a win:win:win scenario really. It is also coming into our supplier activities now in the tendering processes. Its about positioning it in the right way. Suppliers see that no matter how good their services or products are we will find another supplier if they can't comply with our standards. We help to bring them up too and helping. By making people more conscious of waste and using resources, they tend to use less, so we make huge gains already. We have efficiency savings of £15m to make in 3 years, and we have already made £1m this financial year.

In terms of input from stakeholder groups – there is the CRSB, which is the group of exec and non executive directors. Then we engage with lots of different bodies, such as local schools and educational organisations, DEFRA, BERR, we regularly talk to our customers, local authorities - we get feedback from everywhere - and we also do research and commission that independently to see if we are getting better, worse or indifferent. We get it from suppliers, customers, employees... We are also part of the percent club. Anyone who knows this area well, knows that we are leaders in many aspects and want to talk to us.

We get so much feedback that we have to look at it in terms of what fits the strategy, a lot of the time for me it is linked to 14001, but for social inclusion it is more about getting people up from the base of the pyramid in developing countries so it is less operational and more about policy setting and standard creation. So for example in rural India, we have set up a sort of mobile phone system, because a lot of them are illiterate and with all the climate changes they may be faced with different diseases or changing seasons, so they can use this phone to call a centre which takes their issue and looks into it and then they can call back in a couple of days and get the response or the advice. It about keeping people in the rural areas in this case,

because if they lose their farms then they go to the cities which are already overcrowded and poverty stricken. It's not necessarily about the new technology that you can sell into a country or a company, but about what is appropriate.

We are very keen to work closer with the communities that we work in, so in Britain that is more about up-skilling and re-skilling people, getting people back to work. The response very much depends on the country we are operating in.

76. What were the motivations behind starting to focus on CR?

We have always focused on it in certain areas and to some degree, but it perhaps wasn't classed as such. Certainly environmentally we have been managing certain areas for many years

77. Which other areas of the business does it directly affect?

Every part, for example the volunteering – each employee is given 2hrs a month for volunteering on a specific project, and that can impact across the business.

Organisation C Vision is using digital inclusion in every area of the business.

Environmentally we have the carbon clubs which everyone is free to join, along with their families and get involved in debates and activities for carbon reduction.

Sustainability is primarily affecting the product development areas at the moment.

Procurement and legal are always involved in new contracts and supplier relations.

We are really embedding it into every process, so that everyone considers environmental or CR issues in their work, they can't just take the issues that they like or their own understanding of them, CR is written into the procedure documents, so if someone is creating a new product, sustainability and environmental criteria are laid out for him.

You need to get these issues on the radar of the senior team, build a business case for it. Having had the OC, the PLC board and the CRSB all underpin and support the climate change strategy, of which product sustainability was part of it, back in 2006, an awful lot of support was needed throughout the business for that to happen. This is why the task forces are so important as they relate each issue and challenge to their area and help you build the strategy, so then it works when the programme plan manages it. Implementation would not work if the buy in wasn't there from the beginning.

78. How integrated do you consider it to be into the management systems of these areas or others such as HR, Quality, H&S, operations?

EMS manages the 14001 criteria and the sustainability agenda
We have databases for volunteering and Enviromanager as well to collect the data.
Assendancy is our project management tool.

79. How was it first managed?

In 1990 we weren't a global business so it was very different. Now, we have helped to develop a Sustainability Index in India because it is one of our big bases of operations, but that wasn't a question in 1990. We manage it dependant on the region or country. We have been reporting on environmental factors for 20 years but it was only in 1996 that the targets were aligned with other areas of CR. Then in 2000 there was another realignment as the requirements of the market changed and our maturity in CR had moved on. Now we are focused on driving more efficiencies because the problem with setting up all these initiatives is that they can get a life of their own, so we need to streamline that and make fewer, smaller efforts and more, large meaningful ones. It depends on what is happening and where we think we can best help.

80. Has this changed – if yes, how?

See above – always changing depending on situations.

81. At what point was a decision made to integrate it into mainstream management systems? How was it done?

It has always been a part of the company in some form, throughout all the CEOs, although Ben may have been a bigger instigator than some.

82. Does CR management follow the same process any other management systems? Especially the Quality management systems?

We are actually auditing into our quality team now, so they are auditing everything we do – it seemed to make sense and there are synergies between our systems as they are both based on quality- most systems are based on an ISO quality model.

Models

The Castka model depicts the process for constructing a CR process that integrates into ISO style, quality systems.

83. Do you see any similarities in your company's model – if yes – what? If no – how is it different?

Something that isn't in there is that we spend a lot of time setting targets, pushing the boundaries, and although there is strategic planning in there its not always strategic planning that is needed, there needs to be a huge amount of targets behind the overall target that may change each year to make that happen. So that would come in after the strategic planning box.

We constantly have reviews, not just at one point, we do it as a separate ongoing activity – is this working, is it not. What did we do last year – how are we doing against our targets, what can we change this year?

Behavioural change is also missing from this diagram. That is a really important engagement aspect. You can have the best looking graph and policy in the world, but unless you get the staff engaged then there is no point, I don't think enough is done with behaviour change. It is the toughest thing to do. Getting engagement is all about the creating the desire to do something, creating the 'want' to change, unless there is a 'want' then nothing is sustainable. Everything we do is about engagement at all levels, like the Q&A with the head of CR and the carbon clubs, about creating a community and involving families outside of work. Educating and engaging doesn't need to stop at work. We inform, highlight and promote and listening – we take on board people's ideas and involve them in the decisions, we say that we are going to this and if they say that we should do that instead of this then we look at it and evaluate it and sometimes change our approach. We involve them in strategy. We tie very closely with internal comms.

84. How useful would you consider it to be for a company beginning on the path of CR integration?

Yes

85. Can you suggest any improvements/changes?

See above

The British Standard for Sustainability BS8900 suggests a practical integration and measurement approach for CR. The ISO are going to be releasing their CR Standard ISO 26000 in 2010. ISO say that their standard has drawn from BS8900. Both state that they will follow a similar process to ISO 9000 for Quality. The second model demonstrates the next step after the Castka model and shows a practical process for implementing a strategic approach to CR in line with BS8900.

86. How many of the process in this model do you recognise as being similar to your company's model?

87. Would you be able to follow this model in order to integrate BS8900 into your organisation? Why?

No – well you could but it is just an overlap of another system, it's duplication and we wouldn't want to sanction that, we have a very robust system that is recognised world wide and we are a world wide company, so doing something to Britain that isn't as robust as ours and pretty much mirrors the other one, there is no point. Perhaps if it required no extra effort and using data that already exists then maybe, but we would need to see a real benefit and there isn't ever a no effort process because someone always has to gather the data and put it together. For example the Dow Jones index works on continuous improvement, what you said you were going to do to what you have done. Also there's an auditable trail. The ISO 14001 is independently audited, which is a key thing and its world wide.

In terms of the ISO26000, it would depend on what it offered and where the value and benefit was versus cost. We already have a very long and robust reputation for CR, alongside the like of Cooperative and HSBC, so it would need to add more than we currently have which would probably involve a lot of work.

We need the Carbon Trust standard as it is part of the new CRC that is coming out, so it positions you.

But it's the same with all these new standards, we operate in 54 countries and they all have similar things – so we tend to stick to internationally recognised standards, certainly in terms of benchmarking, helping to benchmark.

We might look at it, but if it doesn't cost anything and doesn't require any more work then maybe, but would it change the way that we operate significantly, no, because we are a global company.

From a small company's point of view, which hasn't started on the CR path in terms of processes then I think it might be useful. The language is very jargonised though – it needs to actually reflect what you want them to do – for example, Set Sustainability Matrix, what does that mean? Does it mean set your objectives? If so - why doesn't it say that – it is too much jargon. Especially for new companies who aren't used to CR speak, keeping it as clear and simple and in proper English as possible will help enormously. If you gave that to the plain English guide then they would say that there is nothing here that is anyone would understand if they haven't been in the CR field before. Sustainability means so many different things to so many different people, what are you focusing on, why would they want to do it - what are the benefits, there is nothing about reporting or nothing about the win:win situation, if want people to do things then you are going to have to give them a reason. If there isn't a benefit for doing then why bother – if this was going to underpin the Government's next climate change act then there is a good reason for doing it, but that is only one element of sustainability.

So it needs to be de-jargonised and balanced. It needs to be positioned properly so that it is less cumbersome.

88. In terms of management process, reporting or continuous improvement, do you feel it would add value to your company's CR approach?

89. Can you suggest changes/improvements?

90. Are you aware of a similar model currently in the marketplace?

External Input

91. Has your company sought CR advice from an external source? If so, were any models suggested and how useful was it?

Leadership forum

External auditors

Carbon Trust

Climate Group and many many others.

We do seek a lot of advice and we try to come up with it too. A member of our leadership forum works with the Business school in Norway and the others too have many links within the sector. This is key when you are launching a new standard because you need to know that it has buy in and endorse it. When we launched our standard it had huge endorsement from the carbon disclosure project, we actually went and did our press release with them. When we come up with these new ideas and then we will seek advice and make sure that we are pushing and testing

ourselves. We could become complacent but I think the fact that we have won the Dow Jones index for 8 years shows that we don't. We like being a leader and we want to maintain that.

92. Were you aware of either the BS8900 or intended ISO 26000 standards before you became involved in this research? If yes –have you any intention of aligning your organisation's CR to their processes? If no – is it something that you would consider/find interesting?

Not the ISO one no.

D. Interview Questionnaire – Organisation D

General

93. What industry is your company in?
Utilities energy creation, distribution and retail

94. How many employees does it have?
UK, 18000

95. Is it international?
The group is based in Germany and has presence in the US, Spain, France, Italy, Russia, Eastern Europe.

96. How long has your company been reporting on CR activities, either in a separate report or within your Annual Report and Accounts?
This is for Organisation D UK, we have been reporting since 2001 – we don't do an annual report in the UK, as that is at Group level. It started as an environmental report, reporting on our environmental impact and moved into a wider CR report in 2003/4.

97. Has the company seen demands on CR growing or changing over that time? If yes – how?
Definitely. A new team was created and the Head of CR was appointed a year ago and it is new that she reports into a board member. It became higher on the agenda. It moved from a compliance role to a more pro-active led look at long-term, impact and how it can be embedded. It became more strategic, moving away from

compliance to a more strategic approach. Becoming more integrated and less ticking the boxes just for the annual report.

98. Does your company have a dedicated CR team or person?

A team of 4 – based in the UK sector – corporate function of Organisation D UK. Head of CR, reports to the Board Member, the Director of Corporate Affairs, then an NGO manager, she builds relationships with NGOs, we attract a lot of NGO attention. Then a team coordinator, an admin person and I am a CR analyst, I'm project managing the CR report and supporting the CR Manager in terms of best practise, what we can do better, the strategy, performance, embedding CR into the business. This is a purely UK focused. All business units have CR structures in their own countries. It is a small team but its not for the team to make it happen, that is for the business to do and we just are there as support and to challenge and engage people in CR

99. Would you consider the company approach to CR to be driven by:

a. Stakeholder demands and a view that it is 'good business practise'

or

b. A belief that business has a moral obligation to 'give something back'

It is moving from compliance and philanthropy to more strategic, best business practice that makes business sense. We are looking at how we can review the current programmes that we have to make them more strategic and related to what we want to do. There was a mixture of compliance and philanthropy but over the last couple of years it is about bringing it all together to make it more strategic.

100. Does your company have a Quality Accreditation, such as ISO 9000?
I don't know, I know that we have the environmental accreditation.

101. Does your company follow a recognised CR management standard, such as BS8900, GRI Reporting Standards or similar?
Yes we follow the GRI standards and we are a group member of the Global compact and we follow their principles.

Company CR system

102. Describe the CR process in your organisation – (incl how topics are identified, any link into corporate strategy, any process for consultation/participation, agreement of topics, communication routes and

frequency, measurement and collation of data, reporting mechanisms, feedback and improvement processes. Provide a process map/flowchart/diagram if possible.)

A lot happened in the last year, that was something that the new team was looking at. How do we measure performance and set targets. There are a lot of KPIs and performance measures, but they have often grown organically rather than anything else. So initially we started with the CR strategy, as there was no strategy in place, but there was a new business strategy in place, called Changing Energy that was just taking off when we came in. So Changing Energy is related to how the industry is changing and expectations are changing and how can we change to follow that, in the way we produce, deliver and respond to the customer. So that was a good time for us, because of this Changing Energy, the business was already up there with new changes. There are 3 main pillars to our strategy, you have Planet and Society, Customers and Our People, so what we did was to define a level down our CR responsibilities, and to take a more outside looking in approach, thinking about what our stakeholders would want us to report on and what do they want to hear, because before it was more a business unit approach, but people are not interested in the way we operate they are interested in the impact we have on those main issues. So we defined our CR's underneath those, so we have – working towards lower carbon energy – we didn't want to say tackling climate change as it is everyone's responsibility, our impact as a business is to ensure that we have low carbon energy. Same thing for reducing our environmental impact and also keeping the lights on. This is a big issue at the moment because a third of the power stations in the UK are planned to be closed in the next 10-20 years because of the new regulations, so we have to ensure that there is enough supply. Under customers it was helping the customers with their energy needs, and being trusted, so all about the local communities, about our relationship with stakeholders and responsible procurement, making sure that we have a responsible supply chain. Our people is our workforce, so it was about defining our impact. There was no direct input from our stakeholders, we worked from our internal information, what our customers had told us, what brand tracking told us, or the headlines and the papers, so we could assess our areas of impact. Then it was about assessing the materiality – did we get them right, that will be part of the review process that we will go through later in the year and we are going to ask a wide range of stakeholders what they think. The other next step is to group the KPIs within the business underneath these headings and put in a governance structure. It is going to be really integrated in the business, so it's not going to be a CR governance structure, it's going to be a Changing Energy governance structure, delivery changing energy using our CR. We have agreement for the corporate governance structure and we have agreement to work with the people within the business and group their KPIs and challenge them if we think it

necessary. In terms of review process, in terms of quality management, we are still at the start where we are putting together everything, the strategy, KPIs, managing performance etc. in terms of KPIs there is normally a review every year.

There are always challenges across the business when there is change, but we had the changing energy strategy had just gone in when we started and there was high level of awareness and buy-in to that new strategy, so it is quite aspirational and people like the idea of a changing energy. We had the CEO going around the business talking about the strategy and what it meant and what we were doing and that got a really high level of engagement, so it was a good thing for us because it was so much easier to follow that and say, well we are helping to deliver changing energy, then people can understand. There is always challenges – what is CR, why are we doing it, they see it as the extra bit and not integral. So we have some work to do there to explain what we are trying to do and why and why it falls into CR, because people say that it is not CR, it's just business strategy – well yes! There is a bit of resistance but in general it has been a smooth journey, it helps that the Board are so involved. Just the review of the KPIs involves a lot of people, finance people as well, as we have to make money – so we have to get everyone on board. So far because of the Changing Energy and the buy in to that it has been good, it's just the understanding of the role that CR plays in that.

Changing Energy had been brought in 2006 and the initial focus was on internal comms and getting the messages out and then we came in, so it was only really a year before we came in on CR.

Because we are under so much scrutiny and because what we do is so controversial people understand the need for CR and understanding external stakeholder control.

103. What were the motivations behind starting to focus on CR?

There were two:

1 – external pressures, we have increasing NGO activities and campaigns around everything we do. We have activists breaking into our sites about 3 times in the last year. So the external scrutiny and pressure helped to push the issue.

2 – it was also a feeling of change internally – we need to change the way we do things and CR is a part of it. CR is one of the values of the company anyway. So I think it was a combination of internal and external forces.

There was no change in CEO or management so it was the same team that had been there before, maybe the business case was stronger at that time or the willingness was more there at that time.

104. Which other areas of the business does it directly affect?

We work closely with the environment team and the community team. We are also trying to get the retail team, because they are the customer interface and there is a lot that we can do with through customers like in terms of energy efficiency, because it is one thing to reduce our impact, but we need to encourage our customers to do the same, in terms of energy efficiency and that sort of thing. We can offer the green tariffs and that sort of thing and the social tariffs for fuel poverty, especially as the prices went up this year – there is even more pressure to do something about that. The comms teams as well, internally and externally and make sure that what we do is understood as it is a complex product. We do get involved with HR, but we really only partner with them, they already have a great diversity strategy in place and that sort of thing, they have also had a new director recently which has helped. So it wasn't really a priority area for us to challenge in the last year, but we work closely with them for the report etc. I think we focus wherever the need is.

105. How integrated do you consider it to be into the management systems of these areas or others such as HR, Quality, H&S, operations?

Not really as close to what we would like. We need to get the basics right first in terms of what is the strategy, what do we want to measure, where do we want to be in 2020 and have specific targets and then integrate them into management system. I would say that we just need to get the basics right first and then it will be about getting the system in place. We do measure performance and we do things according to indicators.

In terms of CR KPIs, we don't set them, we don't have the expertise to set them, so we work closely with the teams when they are setting their KPIs to challenge them and look at what the competition are saying and what targets they are setting, and compare our KPIs with them. As we aren't involved in the operational things day to day we can't set the targets ourselves, but it is working with people and facilitating and supporting them.

106. How was it first managed?

When it was compliance, it was focused on reporting and once a year they would ask for the figures they needed, it wasn't embedded in the management systems, it was more a one off. It wasn't at all embedded. For the regulators they would have needed to report and so this I think would have been integrated into a larger report – but I don't know how this was done

107. Has this changed – if yes, how?

For our report it is a hybrid report this year as we are in the middle of the review process and so the processes are not in place to report the figures, so we are working

with environmental team to work out what we need to report and what makes sense to report, so we have started the thinking reporting. So we will report the data we have in the current system. Their KPIs have grown organically in terms of what they report, so I have given them a list and asked them to review what they think makes sense to report. There is still a really good performance management system across the business, but from a CR perspective it is a question about how I can capture that information and use it for a CR report. Previously CR team were coming up with a list of indicators that weren't linked into anything, so it wasn't great and now we are having to make the best of it for this year. It is also about a balance with the GRI and external requirements, you still need to get information on that – although it may not be fully integrated into the management systems at the moment.

108. At what point was a decision made to integrate it into mainstream management systems? How was it done?

I think it was about 4 months ago, so it was when we had the strategic plan together and agreement on the governance structure and to be able to challenge KPIs, it was about 4 months ago. It is still quite recent

109. Does CR management follow the same process any other management systems? Especially the Quality management systems?

We haven't really started thinking about that yet, but that is a good idea. We obviously don't want to re-invent the wheel, so if there is something in the business that works well then we can build on it, so we are at the stage where we need to talk to people. Although the business units are in silos but our areas of impact across all those business units so it is finding something that works in that way, so we are trying to find out what is happening in the business, it is a research phase and then we can build on that.

Models

The Castka model depicts the process for constructing a CR process that integrates into ISO style, quality systems.

110. Do you see any similarities in your company's model – if yes – what? If no – how is it different?

We don't have a CR model but I see that it could work in Organisation D, absolutely. We started at the strategic planning level taking into consideration what the stakeholders wanted to hear about as opposed to starting with what we already have. We are at the point of setting KPIs and allocating resources now. We still have measurement and analysis within the business but it is how it links into CR.

Definitely that is the next step once the KPIs in place, then its about measurement and analysing and then addressing any gaps and business improvement. It totally makes sense in terms of what we are doing.

111. How useful would you consider it to be for a company beginning on the path of CR integration?

112. Can you suggest any improvements/changes?

As part of the strategic planning, I guess that is where the KPIs come, but it wasn't obvious to me where the KPIs and then how you set their measurement, so defining and setting the KPIs. Also the governance structure as well, although it is in the middle here, which is good if you already have this in place, it depends on the level of maturity that you have but if you are starting from fresh then you don't necessarily have this in place in the middle from the start.

The British Standard for Sustainability BS8900 suggests a practical integration and measurement approach for CR. The ISO are going to be releasing their CR Standard ISO 26000 in 2010. ISO say that their standard has drawn from BS8900. Both state that they will follow a similar process to ISO 9000 for Quality. The second model demonstrates the next step after the Castka model and shows a practical process for implementing a strategic approach to CR in line with BS8900.

113. How many of the process in this model to you recognise as being similar to your company's model?

114. Would you be able to follow this model in order to integrate BS8900 into your organisation? Why?

I'm not sure what they mean by sustainability matrix. (following explanation) That sounds good, very useful. I think it is similar to the last one but with more detail. The KPIs would come before they are showed here, but that may depend on where you are in CR. It does highlight the main steps, from establishing the strategy to embedding in the business.

I think if you followed each step and were successful at each step then yes it would be useful definitely. As soon as you have this in place and the KPIs in place that are related, then that's good. I really see it that the people in the business owning the KPIs and delivering on them, so if that happens and it is just a matter of keeping on top of them and challenging them - then you've cracked it!

115. In terms of management process, reporting or continuous improvement, do you feel it would add value to your company's CR approach?

Yes, because if the british standard already takes into consideration the legislation baseline that we have for things like minimum pay then that helps, because it is always an issue when we report in the UK, how should we report things like human rights in the UK, do we have to report on this- if it takes that compliance level into account then it would be useful

116. Can you suggest changes/improvements?

Well this is quite high level, so there is lots that can go underneath it, so for a high level strategy it, just to get the thinking process and the bigger picture in place it would be good. Both models are like that, they are quite high level and not too prescriptive and most businesses can relate to.

117. Are you aware of a similar model currently in the marketplace?

External Input

118. Has your company sought CR advice from an external source? If so, were any models suggested and how useful was it?

We worked with the Assurance Network for the report and they also did a gap analysis which was useful for a new team. In terms of formulating the strategy was more an internal process – I guess the next step is taking it externally and getting feedback, but it has mainly been internal.

119. Were you aware of either the BS8900 or intended ISO 26000 standards before you became involved in this research? If yes –have you any intention of aligning your organisation's CR to their processes? If no – is it something that you would consider/find interesting?

I remember reading about the British standard but never got into the details, perhaps going forward this would be interesting. I think we have done the first step and in terms of monitoring and improving we could look at developing this in the future.

I remember the talk about the ISO one, years ago it was still coming out. Although ISO have already done it for environment and health and safety at an international level, I guess the danger is that it becomes a tick the box exercise rather than embedding something.